

☒ R/W MANUAL CHANGE  
(1993 Edition)

**RWMC- 150**

☐ PROCEDURAL HANDBOOK  
(1984 Edition)

RWPH-\_\_\_\_-\_\_\_\_-\_\_\_\_  
TRANSMITTAL#\_\_\_\_

TITLE:  
PROPERTY MANAGEMENT

APPROVED BY:

DATE ISSUED:

**JUL 28 2005**

BARRY COWAN

Page 1 of 12

SUBJECT AREA:

CHAPTER 11 - PROPERTY MANAGEMENT

ISSUING UNIT:

OFFICE OF REAL PROPERTY SERVICES

**SUMMARY OF CHANGES:**

1. Updates the following Sections: 11.01.00.00, 11.02.00.00, 11.03.00.00, 11.04.00.00, 11.05.00.00, 11.06.00.00, 11.07.00.00, 11.08.00.00, 11.09.00.00, 11.10.00.00, 11.11.00.00, 11.12.00.00, 11.13.00.00, 11.14.00.00, 11.16.00.00, 11.17.00.00 and 11.18.00.00.
2. Deletes the following Forms: RW 11-1, RW 11-2, RW 11-3, RW 11-4, RW 11-9, RW 11-10, RW 11-14, RW 11-17, RW 11-19, RW 11-20, RW 11-21, and RW 11-22.
3. Revises the following Exhibits: 11-EX-4, 11-EX-6, 11-EX-7, 11-EX-15, 11-EX-20, 11-EX-30, 11-EX-34, and 11-EX-35.
4. Adds the following new Exhibits: 11-EX-A, 11-EX-B, 11-EX-C, 11-EX-D, 11-EX-E, 11-EX-F, 11-EX-G, 11-EX-H, 11-EX-I, 11-EX-J, 11-EX-6B, 11-EX-6C, 11-EX-6D, 11-EX-44, 11-EX-45, 11-EX-46, 11-EX-47, 11-EX-48, 11-EX-49, 11-EX-50, 11-EX-51, 11-EX-52, and 11-EX-53.
5. Also, updates all three Tables of Contents.

**PURPOSE**

- Updating policies and procedures to conform to new laws and regulations pertaining to tenants and rented property.
- Making changes, modifications, and additions to allow for more consistency within Property Management.
- Changing all rental and lease agreements, renewals, assignments, cancellations, etc., to Exhibits for ease of use.  
**Note: Any modifications, new clauses, and/or deletion of existing clauses need to be approved by Legal prior to use.**
- Applying formatting update and correcting any typographical errors throughout this manual change.

**BACKGROUND**

There are new laws and regulations which changed the requirements for rental property. This Manual Change will allow the Department to be in compliance with the new requirements. Also, new Exhibits and Forms are included which will provide the Agents with better tools in which to perform their duties.

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## **PROCEDURES**

### **Sections**

11.01.00.00	GENERAL: Minor rewording throughout.
11.01.06.00	<u>Disbursement of Rental Income to Counties</u> : Clarifies the Department's new policy on how to code properties in the Property System in regard to the "24% TO CO" field.
11.01.09.00	<u>Federal Participation in Revenue and Expenses</u> : Added name to Exhibit 11-EX-1.
11.01.12.00	<u>Right of Way Property System</u> : Included location of manual on Intranet.
11.01.13.00	<u>Filming on State-Owned Property</u> : This is a new section which provides guidance on how to deal with requests from production companies wishing to utilize state-owned property for filming use.
11.02.03.00	<u>Contact with Grantor and/or Tenant</u> : Changed reference to Possessory Interest Tax to correct Section number in the Manual.
11.02.06.00	<u>Establishing New Accounts</u> : Changed the references to the Agreements to the new Exhibit number.
11.03.00.00	PROPERTY INVENTORY: Minor rewording throughout.
11.03.01.00	<u>General</u> : Adds language to clarify which types of property interests are not to be entered into the Property System.
11.04.00.00	RENTAL RATES: Minor rewording throughout.
11.04.01.00	<u>General</u> : Clarified date when rent commences. Added "the close of escrow" and "day after Order of Possession becomes effective" as the controlling date. Minor rewording included.
11.04.01.01	<u>Rental Rate Increase Policy</u> : States the Department's current rental rate increase policy. A new requirement that the tenant may request a "valuation summary" of their rent determination.
11.04.02.00	<u>Rent Determinations</u> : New requirement that a 48-hour notice will be given to the tenants prior to inspecting their property for a rent determination.
11.04.02.01	<u>Changing the Rental Rate Shown in the Appraisal</u> : Adds the requirement to use Exhibit 11-EX-46, Documentation of Residential Fair Market Rental Rate. This Exhibit was formerly Form RW 11-9 and has been revised.
11.04.03.00	<u>Lease Term</u> : Corrected reference to Lease Agreement to correct Exhibit number.
11.04.06.00	<u>Owners Retain Improvements</u> : Adds language for clarification.

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11.05.00.00	NONRESIDENTIAL RENTALS: Minor rewording throughout.
11.05.01.00	<u>Fair Market Rent Determinations</u> : Changes the nominal value rentals to \$2,400 per year or \$200 per month.
11.05.01.01	<u>Appraisal's Requirements</u> : New requirement that details the information to be given to Appraisals when Property Management requests rent determinations.
11.05.02.00	<u>Nominal Value Nonresidential Rentals</u> : Changes the nominal value rentals to \$2,400 per year or \$200 per month. Clarifies the process of what documentation is required when determining nominal rents.
11.05.03.00	<u>Rental Grace Period on Business Properties</u> : Corrects the wrong reference; should be Chapter 10, Section 10.05.24.00.
11.05.04.00	<u>Rental Rate Increases Prior to Appraisal</u> : Included a requirement to include the interim rental rate in the property file.
11.05.05.00	<u>Rental Rate Review</u> : A new section clarifying responsibilities in regard to rental rates of nonresidential properties.
11.05.06.00	<u>Rental Rate Increase Policy</u> : A new section referring to the new rental rate increase policy in Section 11.04.01.01.
11.06.00.00	RESIDENTIAL RENTALS: Minor rewording throughout.
11.06.01.00	<u>General</u> : Deleted requirements that are the responsibility of Relocation Assistance.
11.06.02.00	<u>Annual Rental Rate Reviews</u> : Rewording to clarify responsibilities and process. Adds new Exhibit 11-EX-45, Request for Rent Determination, for consistency throughout the state.
11.06.02.01	<u>Rental Rate Increases</u> : A new section referring to the new rental rate increase policy in Section 11.04.01.01.
11.06.04.00	<u>Appeals (RAP-Eligible Tenants Only)</u> : Deleted reference to Exhibit 11-EX-2.
11.06.06.00	<u>Pet Policy</u> : This is a new section which outlines the Department's responsibilities, procedures and policies in regard to allowing tenants to possess pets.
11.07.00.00	RENTAL PROCEDURES: Minor rewording throughout and renumbering of sections.
11.07.06.00	<u>Rental Application and Credit Report</u> : Added names and numbers to Forms RW 11-5 and RW 11-6.
11.07.07.00	<u>Guidelines for Selection of New Tenants</u> : Further clarification as to the guidelines to be used when selecting new tenants.

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11.07.09.00	<u>Declined Applicants</u> : This section was rewritten to be more specific as to what the legal requirements are when the Department denies housing to applicants. Exhibit 11-EX-4, Written Notice of Denial, has been renamed and revised.
11.07.10.00	<u>Executing the Rental Agreement</u> : Clarifies wording of what constitutes an adult.
11.07.11.00	<u>Title VI Guidelines</u> : Clarifies the responsibilities of Agents in regard to Title VI requirements. Deletes the requirement of obtaining a Title VI Survey from the tenant.
11.07.12.00	<u>Lead-Based Paint and/or Hazards</u> : New section dealing with the requirements of lead-based paint. Requires the use of new Exhibit 11-EX-48, Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards.
11.07.13.00	<u>Initial Rent Collection</u> : Minor rewording and added name of Exhibit 11-EX-5.
11.07.14.00	<u>Security Deposits</u> : Clarified some language and deleted just the heading of 11.07.12.01, Amount. The context of that section was not changed and became part of Section 11.07.14.00.
11.07.15.01	<u>Responsibility for Utility Costs</u> : Language added to clarify Department policy. New language added to further define responsibilities in regard to utilities on rented property.
11.07.15.03	<u>Payment of Utility Bills by the State</u> : Added additional requirements in regard to utility responsibilities.
11.07.13.04 (previous number)	<u>Segregating Utility Charges</u> : This section has been deleted.
11.07.16.00	<u>Possessory Interest Tax</u> : Defines the guidelines and processes to be used when receiving a possessory interest tax bill. Includes new Exhibit 11-EX-44, Possessory Interest Letter.
11.07.18.00	<u>Uses of Rental Agreement</u> : Minor rewording and included names of new Exhibit 11-EX-A.
11.07.19.00	<u>Courtesy Notice of Termination</u> : Included new 60-day notice requirement.
11.07.20.00	<u>Rental Refunds</u> : Added name of Exhibit 11-EX-5.
11.07.18.01 (previous number)	<u>Rental Agreement</u> : Deleted heading. Minor revisions were made to the text and the text became part of Section 11.07.20.00, Rental Refunds.
11.07.21.00	<u>Notices</u> : Clarifies the use of notices when terminating a tenancy according to the new law.
11.07.23.00	<u>Cancellation - Notice to Vacate For Reasons Other Than Failure to Pay Rent</u> : Added new 60-day notice requirement and minor rewording.
11.07.26.00	<u>Termination Requirements</u> : Outlines the new legal requirements for tenancies being terminated and the process which must be followed.

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11.08.00.00	DELINQUENT ACCOUNTS: Minor rewording throughout.
11.08.02.00	<u>Suggested Methods of Collection</u> : Adds information in regard to payment plans for delinquent tenants.
11.08.03.00	<u>3-Day Notice to Pay Rent or Quit</u> : Additional information on serving 3-Day Notices and Notice of Termination of Tenancy and Notice to Quit concurrently.
11.08.04.00	<u>Method of Service of Notices</u> : The Language was changed to be consistent with the language in the statute. Deleted the reference to an Agent's workload allowing the Agent to mail a 3-Day Notice by certified mail.
11.08.05.00	<u>Legal Remedies for Collection and Procedures</u> : Added name to Exhibit 11-EX-7.
11.08.06.00	<u>Dishonored Checks</u> : Changed the amount the Department will charge for a dishonored check from \$20 to \$25 for the first dishonored check and \$35 for the second dishonored check in a 12-month period.
11.09.04.00	<u>Occupied Rentable Property</u> : New legal requirements for giving notices to tenants for inspecting the property and that the tenant will be offered a copy of the inspection report.
11.09.04.01	<u>Confirming Process</u> : Clarification on the process Right of Way and Accounting use to confirm tenancies.
11.10.03.01	<u>Vacant and Non-Rentable Property</u> : Clarification on the Department's policy in regard to vacant and non-rentable property.
11.10.03.02	<u>Rented State-Owned Property</u> : Changed the Agreement reference to the new Exhibit numbers.
11.10.04.00	<u>Health and Safety Requirements</u> : Added name to Exhibit 11-EX-8. In the third paragraph, eliminated the word "noxious" to reference weeds. Discussion should apply to any weeds. Included new language for "Interiors" and health and safety issues.
11.10.05.00	<u>Exterior and Interior Appearance of Improved Properties</u> : Added new language to address mold and mildew along with other health and safety related issues.
11.10.06.00	<u>Field Inspections</u> : Corrected the name of RW 11-16 to the correct name. Added a note in regard to tenant notifications of health and safety concerns.
11.10.07.00	<u>Rodent and Pest Control</u> : Corrected the name of RW 11-16 to correct name.
11.10.09.05	<u>Occupied Housing</u> : Added bullet in regard to health and safety concerns during rehabilitation.
11.10.11.01	<u>Inspections</u> : Added requirement of Agent to inspect health and safety issues regardless of cost. Clarification on the process to be followed when maintenance has been requested and performed by a contractor.
11.10.11.07	<u>Summary of Various Contract Processes</u> : Added name to Exhibit 11-EX-10.

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11.10.14.00 (previous number)	<u>Petty Cash</u> : This section has been deleted.
11.10.14.00	<u>Emergency Repairs</u> : Clarification on the process of determining when an emergency situation exists and how to handle tenancies when an emergency exists.
Previous numbers:	Renumbered to:
11.10.16.00	11.10.15.00 Rental Offsets
11.10.16.01	11.10.15.01 New Residential Tenants
11.10.16.02	11.10.15.02 Existing Residential Tenants
11.11.00.00	INSURANCE REQUIREMENTS FOR TENANTS: Various administrative changes and clarifications.
11.11.04.00	<u>How the State Is Protected</u> : Added reference to new Exhibit 11-EX-B.
11.11.05.00	<u>Fire Insurance on State-Owned Properties</u> : Added name to Exhibit 11-EX-12.
11.11.06.00	<u>Self-Insurance by Tenant or Lessee</u> : Clarified what clause is needed in Exhibit 11-EX-B and Exhibit 11-EX-C.
11.11.07.00	<u>Certificate of Insurance</u> : Added name to Form RW 11-18.
11.12.00.00	LEASING STATE-OWNED PROPERTY: Minor rewording throughout.
11.12.02.00	<u>State Lease Forms</u> : Clarified which leases should be used for certain properties and corrected new Exhibit numbers.
11.12.04.00	<u>Lease Preparation</u> : Added additional language on what to do with the four copies of the prepared lease.
11.12.05.00	<u>Lease Approval by Lessee</u> : Deleted the references and requirements relating to Title VI.
11.12.07.00	<u>Title VI Guidelines</u> : A new section stating the new requirements in regard to Title VI.
11.12.08.00	<u>Lease Renewals</u> : Added correct name and number of Report and added new Exhibit 11-EX-G.
11.12.09.00	<u>Assignment of Lease</u> : Added new Exhibit 11-EX-H.
11.12.10.00	<u>Public Notice to Bidders</u> : Added name to Exhibit 11-EX-14.
11.12.13.00	<u>Leasing to Highway Contractor</u> : Corrected reference to Lease Agreement.
11.12.14.00	<u>Leasing to a City, County, or Special District Under S&amp;H Code 104.7</u> : Changed the language to be consistent with the language contained in S&H Code 104.7.
11.12.13.01 (Previous number)	<u>Priority of Use</u> : Deleted the section number and heading. The text became part of Section 11.12.14.00.

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11.12.13.02 (Previous number)	<u>Lease Terms</u> : Deleted the section number and heading. The text became part of Section 11.12.14.00.
11.12.13.03 (Previous number)	<u>Subleasing</u> : Deleted the section number and heading. The text became part of Section 11.12.14.00.
11.12.13.04 (Previous number)	<u>Lease Form</u> : Deleted the section number and heading. The text became part of Section 11.12.14.00.
11.12.16.01	<u>Mutual Consent</u> : Added new Exhibit 11-EX-I.
11.12.16.03	<u>Based on Right of Termination</u> : Added correct Form number, RW 11-10.
11.12.17.00	<u>Materials Agreement for Removal of Materials</u> : Added names to Exhibits 11-EX-16 and 11-EX-17.
11.13.00.00	MASTER TENANCIES: Minor rewording throughout.
11.13.01.00	<u>General</u> : Added correct information in regard to requirements under California Code of Regulations, Title 25, Division 1.
11.13.02.00	<u>Lease Form</u> : The wrong exhibit was listed as the form to use. The correct exhibit is 11-EX-23, Master Tenancy Lease Agreement.
11.13.03.04	<u>The Master Tenant</u> : Included industrial as a type of property.
11.13.04.00	<u>Factors to Consider</u> : Deleted reference to Language Barriers.
11.13.10.00 (Previous number)	<u>Lease Clauses</u> : This section has been deleted as it was redundant and not accurate. All the clauses mentioned in this section are in the Master Tenancy Lease Agreement for use.
11.13.12.00	<u>Posting of Public Notice</u> : Included additional information contained in Bid Proposal Package.
11.14.00.00	OUTDOOR ADVERTISING SIGNS: Various administrative changes and clarifications.
11.14.03.00	<u>Sign Site Rental Procedures and Rates</u> : Added name to Exhibit 11-EX-28.
11.14.04.00	<u>Billboard Site Rental Schedules</u> : Minor rewording. Added names to Exhibits 11-EX-29 and 11-EX-28.
11.14.05.00	<u>Advertising Structure Agreement</u> : Added reference to new Exhibit 11-EX-D.
11.16.00.00	TRANSFERRING PROPERTIES TO CLEARANCE STATUS: Minor rewording throughout.
11.16.01.00	<u>Scheduling Rental Termination</u> : Added names to Exhibits 11-EX-34, 11-EX-35, and 11-EX-44.
11.16.03.00	<u>Property Manager Review</u> : Added name to Exhibit 11-EX-36.

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11.17.00.00	HAZARDOUS WASTE AND HAZARDOUS MATERIALS: Various administrative changes and clarifications.
11.18.00.00	DEPARTMENT-OWNED EMPLOYEE HOUSING: Minor rewording throughout.
11.18.01.00	<u>Definition</u> : Revised the language of this section to be consistent with the language in California Code of Regulations, Department of Personnel Administration Rule Section 599.644. Eliminated the reference to dormitories and trailer pads not being employee housing.
11.18.09.00	<u>Maintenance and Repairs</u> : Added language clarifying Maintenance's responsibility to authorize and allocate the funds necessary to perform maintenance and repairs on employee housing.
11.18.12.00	<u>Reporting Requirements</u> : This is a new section which outlines the Department's legal requirement to provide the Department of Personnel Administration information regarding employee housing. This is a yearly requirement.

## Forms

<b>Deleted Form Number</b>	<b>Replaced with Exhibit Number</b>	<b>Exhibit Title</b>
RW 11-1	11-EX-A	Residential Rental Agreement
RW 11-2	11-EX-B	Lease Agreement
RW 11-3	11-EX-C	Agricultural Lease Agreement
RW 11-4	11-EX-D	Advertising Structure Agreement
RW 11-9	11-EX-46	Documentation of Residential Fair Market Rental Rate
RW 11-10	11-EX-44	Notice of Termination of Tenancy and Notice to Quit
RW 11-14	11-EX-E	Rental Agreement Amendment
RW 11-17	11-EX-F	Rental Offset Agreement
RW 11-19	11-EX-G	Lease Renewal
RW 11-20	11-EX-H	Assignment of Lease (Where State Is Lessor)
RW 11-21	11-EX-I	Cancellation of Lease
RW 11-22	11-EX-J	Employee Housing Rental Agreement

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**Exhibits**

- 11-EX-A      Residential Rental Agreement: Revised outdated language and references, added new legal requirements, updated pertinent clauses, and made minor rewording changes. Was Form RW 11-1.
- 11-EX-B      Lease Agreement: Revised outdated language and references, added new legal requirements, updated pertinent clauses, and made minor rewording changes. Was Form RW 11-2.
- 11-EX-C      Agricultural Lease Agreement: Revised outdated language and references, added new legal requirements, updated pertinent clauses, and made minor rewording changes. Was Form RW 11-3.
- 11-EX-D      Advertising Structure Agreement: Was Form RW 11-4.
- 11-EX-E      Rental Agreement Amendment: Was Form RW 11-14.
- 11-EX-F      Rental Offset Agreement: Was Form RW 11-17.
- 11-EX-G      Lease Renewal: Was Form RW 11-19.
- 11-EX-H      Assignment of Lease (Where State Is Lessor): Revised Clause “Assumption of Lease” to clarify and correct errors. Was Form RW 11-20.
- 11-EX-I      Cancellation of Lease: Was Form RW 11-21.
- 11-EX-J      Employee Housing Rental Agreement: Revised to include new statutory requirements and to clarify existing language. Was Form RW 11-22.
- 11-EX-4      Written Notice of Denial: Revised to be consistent with language in the statutes. Changed the name from “Rejection” to “Denial.”
- 11-EX-6      Landlord’s Notice of Termination: Revised to include new legal language.
- 11-EX-6B      Notice of Right to Inspection: A new Exhibit to comply with new statute requirements.
- 11-EX-6C      Waiver of 48-Hour Notice of Initial Inspection: New Exhibit to assist in new documentation required by new statute.
- 11-EX-6D      Initial Vacancy Inspection and Statement of Proposed Security Deductions: New Exhibit to help comply with the requirements of a new law.
- 11-EX-7      District Right of Way Procedure: Vacating Premises, Unlawful Detainer Actions: Revised to comply with new regulations.
- 11-EX-15      City, County, or Special District Lease: Name changed from “Interim Use of Highway Property” to conform to language in S&H Code 104.7.
- 11-EX-20      List of Tenants in Possession: Changed the language in regard to utilities to make it consistent with the Master Tenancy Lease Agreement, Clause 3.
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11-EX-30	<u>State As Lessee Lease Agreement</u> : Included additional language in Clause 9, Repair and Maintenance.
11-EX-34	<u>Service of Notice to Vacate (Notice to RAP Unit)</u> : Revised language from letter to notice.
11-EX-35	<u>Letter of Intent to Vacate—90</u> : Revised. Eliminated language that was inconsistent with Department policy and added reference to new Form.
11-EX-44	<u>Notice of Termination of Tenancy and Notice to Quit</u> : Was Form RW 11-10.
11-EX-45	<u>Request for Rent Determination</u> : New Exhibit to be consistent statewide. Also, gives requestee pertinent information on the property.
11-EX-46	<u>Documentation of Residential Fair Market Rental Rate</u> : Was Form RW 11-9. Also revised Exhibit.
11-EX-47	<u>Uninhabitable Conditions</u> : New Exhibit to be used as a tool to assist agents when the condition of a property becomes an issue. The language is taken from wording in statutes.
11-EX-48	<u>Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards</u> : New Exhibit to comply with the requirements of a new statute.
11-EX-49	<u>Department of Transportation, Division of Right of Way, STAR Program Agreement</u> : New Exhibit to be used when Production Companies want to utilize Department-owned property for filming.
11-EX-50	<u>Modular Lease Agreement</u> : New Exhibit. This is the new Modular Lease Agreement that has included language the Modular Companies generally require.
11-EX-51	<u>Pet Application</u> : New Exhibit to be used when a current tenant or prospective tenant wants to have a pet(s) on Department-owned property.
11-EX-52	<u>Pet Addendum</u> : New Exhibit to be used when a current tenant or a prospective tenant and the Department agree to allow pet(s) on Department-owned property. This will be an addendum to the Rental Agreement or Lease.
11-EX-53	<u>Nominal Value Nonresidential Rental Appraisal</u> : New Exhibit to be used when determining nominal rents for nonresidential property.

### **EFFECTIVE DATE**

Immediately.

### **MANUAL IMPACT**

- Remove the superseded pages and insert the attached pages in the Manual.
  - Record the action on the Revision Record.
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## REVISION SUMMARY

[illegible]

**REVISION SUMMARY** (Continued)

<b><u>Chapter</u></b>	<b><u>Remove Old Page(s)</u></b>	<b><u>Insert New/Revised Page(s)</u></b>
	Remove the following in its entirety:	Replace with the following in its entirety:
11 - Exhibits	Table of Contents REV 8/2003	Table of Contents REV 7/2005
	----	11-EX-A (NEW 7/2005)
	----	11-EX-B (NEW 7/2005)
	----	11-EX-C (NEW 7/2005)
	----	11-EX-D (NEW 7/2005)
	----	11-EX-E (NEW 7/2005)
	----	11-EX-F (NEW 7/2005)
	----	11-EX-G (NEW 7/2005)
	----	11-EX-H (NEW 7/2005)
	----	11-EX-I (NEW 7/2005)
	----	11-EX-J (NEW 7/2005)
	11-EX-4	11-EX-4 (REV 7/2005)
	11-EX-6 (Rev. 6/98)	11-EX-6 (REV 7/2005)
	----	11-EX-6B (NEW 7/2005)
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	----	11-EX-6D (NEW 7/2005)
	11-EX-7	11-EX-7 (REV 7/2005)
	11-EX-15	11-EX-15 (REV 7/2005)
	11-EX-20	11-EX-20 (REV 7/2005)
	11-EX-30 (Rev. 1/2001)	11-EX-30 (REV 7/2005)
	11-EX-34	11-EX-34 (REV 7/2005)
	11-EX-35	11-EX-35 (REV 7/2005)
	----	11-EX-44 (NEW 7/2005)
	----	11-EX-45 (NEW 7/2005)
	----	11-EX-46 (NEW 7/2005)
	----	11-EX-47 (NEW 7/2005)
	----	11-EX-48 (NEW 7/2005)
	----	11-EX-49 (NEW 7/2005)
	----	11-EX-50 (NEW 7/2005)
	----	11-EX-51 (NEW 7/2005)
	----	11-EX-52 (NEW 7/2005)
	----	11-EX-53 (NEW 7/2005)

## **CHAPTER 11**

### **PROPERTY MANAGEMENT TABLE OF CONTENTS**

<b>11.01.00.00</b>	<b>GENERAL</b>
01.00	Responsibility
02.00	Delegations
03.00	Property Management Reference File (PMRF)
04.00	No Re-Rent Residential
04.01	No Re-Rent Nonresidential
05.00	Property Held for Future Purposes
06.00	Disbursement of Rental Income to Counties
07.00	Rental of State-Owned Properties to State Employees
08.00	Use of Bilingual Agents
09.00	Federal Participation in Revenue and Expenses
10.00	Other Applicable Federal Regulations
11.00	Title VI, Civil Rights Act
12.00	Right of Way Property System
13.00	Filing on State-Owned Property
<b>11.02.00.00</b>	<b>CLOSURE PROCEDURE</b>
01.00	General
02.00	Determination of Rentable Properties
03.00	Contact with Grantor and/or Tenant
04.00	Inspection of Property and Determination of Rental Rates
05.00	Procedures Upon Acquisition
06.00	Establishing New Accounts
07.00	Rental Filing System
08.00	New Property - Grantor Retains Improvements
09.00	Rental Period - Hardship Acquisition
<b>11.03.00.00</b>	<b>PROPERTY INVENTORY</b>
01.00	General
02.00	Inventory Disposal Record
03.00	Improvement Disposal Authorization
04.00	Improvements and Personal Property
05.00	Numbering of IDAs and IDRs
06.00	Active Inventory of Improvements File
07.00	Closed Inventory of Improvements File
08.00	Water Stock
09.00	Lost or Stolen Property

<b>11.04.00.00</b>	<b>RENTAL RATES</b>
01.00	General
01.01	Rental Rate Increase Policy
02.00	Rent Determinations
02.01	Changing the Rental Rate Shown in the Appraisal
03.00	Lease Term
04.00	Escalation Clauses
05.00	Local Rent Control
06.00	Owners Retain Improvements
<b>11.05.00.00</b>	<b>NONRESIDENTIAL RENTALS</b>
01.00	Fair Market Rent Determinations
01.01	Appraisal's Requirements
02.00	Nominal Value Nonresidential Rentals
03.00	Rental Grace Period on Business Properties
04.00	Rental Rate Increases Prior to Appraisal
05.00	Rental Rate Review
06.00	Rental Rate Increase Policy
<b>11.06.00.00</b>	<b>RESIDENTIAL RENTALS</b>
01.00	General
02.00	Annual Rental Rate Reviews
02.01	Rental Rate Increases
03.00	RAP Eligibility
04.00	Appeals (RAP-Eligible Tenants Only)
04.01	Grounds for Appeal and Approval Authority
04.02	Appeals Hearing
04.03	Extreme Financial Hardship
05.00	Inherited Tenants
06.00	Pet Policy
<b>11.07.00.00</b>	<b>RENTAL PROCEDURES</b>
01.00	General
02.00	Marketing Plan
03.00	Finder's Fees/Rental Incentives
04.00	Advertising
05.00	Showing Property
06.00	Rental Application and Credit Report
07.00	Guidelines for Selection of New Tenants
08.00	Use of Cosigners
09.00	Declined Applicants
10.00	Executing the Rental Agreement
11.00	Title VI Guidelines
12.00	Lead-Based Paint and/or Hazards
13.00	Initial Rent Collection
14.00	Security Deposits
14.01	Waivers/Reductions
14.02	Refund

<b>11.07.00.00</b>	<b>RENTAL PROCEDURES (Continued)</b>
15.00	Utilities
15.01	Responsibility for Utility Costs
15.02	Notifying Utility Companies at Date of Recordation
15.03	Payment of Utility Bills by the State
15.04	Utility Deposits by Tenant
16.00	Possessory Interest Tax
17.00	Residential Property Occupancy and Vacancy Inspections
18.00	Uses of Rental Agreement
19.00	Courtesy Notice of Termination
20.00	Rental Refunds
20.01	Leases
21.00	Notices
22.00	Cancellation - Failure to Pay Rent
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25.00	Departmental Use of State-Owned Property
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<b>11.08.00.00</b>	<b>DELINQUENT ACCOUNTS</b>
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08.01	Amounts \$250 or Less
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<b>11.09.00.00</b>	<b>RENTAL INTERNAL CONTROLS</b>
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02.00	Newly Acquired Property Closure Procedure
02.01	Office Review
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03.00	Vacated Rentable Property
03.01	Agent Activities
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04.00	Occupied Rentable Property
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06.00	Rental Accounting and Cash Handling
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**11.10.00.00      PROPERTY MAINTENANCE AND REHABILITATION**

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- 02.00      Asbestos and Lead Paint
- 03.00      Maintenance Expenditure Guidelines
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- 05.00      Exterior and Interior Appearance of Improved Properties
- 06.00      Field Inspections
- 07.00      Rodent and Pest Control
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- 08.01      Installation and Type of Detector
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- 09.00      Rehabilitation of Residential Property
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- 11.00      Maintenance Performed by Service Contract
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- 11.02      Requesting Work
- 11.03      Multi-provider and Single Provider Service Contracts
- 11.04      CAL-Card Small Purchase Program
- 11.05      Non-Credit Card Process
- 11.06      Submitting for Payment
- 11.07      Summary of Various Contract Processes
- 12.00      Draft Purchase Order (DPO)
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- 14.00      Emergency Repairs
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- 15.01      New Residential Tenants
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**11.11.00.00      INSURANCE REQUIREMENTS FOR TENANTS**

- 01.00      Policy
- 02.00      When Insurance Is Required
- 03.00      Family Day Care Facilities
- 04.00      How the State Is Protected
- 05.00      Fire Insurance on State-Owned Properties
- 06.00      Self-Insurance by Tenant or Lessee
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<b>11.12.00.00</b>	<b>LEASING STATE-OWNED PROPERTY</b>
01.00	General
02.00	State Lease Forms
03.00	Lease Rates
04.00	Lease Preparation
05.00	Lease Approval by Lessee
06.00	Lease Approval by State
07.00	Title VI Guidelines
08.00	Lease Renewals
09.00	Assignment of Lease
10.00	Public Notice to Bidders
11.00	Construction of Improvements by Lessee
12.00	Leasing Excess Land
13.00	Leasing to Highway Contractor
14.00	Leasing to a City, County, or Special District Under S&H Code 104.7
15.00	Lease Recordation
16.00	Lease Cancellation
16.01	Mutual Consent
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16.03	Based on Right of Termination
17.00	Materials Agreement for Removal of Materials
18.00	Available Office Space
 <b>11.13.00.00</b>	 <b>MASTER TENANCIES</b>
01.00	General
02.00	Lease Form
03.00	The Master Tenant
04.00	Factors to Consider
05.00	Approval
06.00	Documentation
07.00	Minimum Acceptable Lease Rate
08.00	Advertising Availability of Master Tenancy
09.00	Bid Proposal Package
10.00	Bid Opening and Award
11.00	Commencement of Standard Lease Procedures
12.00	Posting of Public Notice
 <b>11.14.00.00</b>	 <b>OUTDOOR ADVERTISING SIGNS</b>
01.00	General
02.00	Prohibition Against New Signs
03.00	Sign Site Rental Procedures and Rates
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05.00	Advertising Structure Agreement
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<b>11.15.00.00</b>	<b>STATE AS LESSEE LEASES</b>
01.00	General
02.00	Procedures Upon Receiving Request
03.00	Procedural Guidelines
03.01	Americans with Disabilities
03.02	State Fire Marshal Approval of Plans and Inspections
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03.05	Facility Plans and/or Drawings
03.06	Energy Conservation
03.07	Hazardous Materials Certification
04.00	Lease Form
04.01	Lease Execution
04.02	Lease Extension
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05.00	Insurance
06.00	Park and Ride Facility Leases
07.00	Documentation for File
08.00	Employee Time Charging
<b>11.16.00.00</b>	<b>TRANSFERRING PROPERTIES TO CLEARANCE STATUS</b>
01.00	Scheduling Rental Termination
02.00	Transferring Properties to Clearance Status
03.00	Property Manager Review
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05.00	Direct Sale Pursuant to S&H Code Section 118.1
<b>11.17.00.00</b>	<b>HAZARDOUS WASTE AND HAZARDOUS MATERIALS</b>
01.00	Policy
02.00	Definition
03.00	General
04.00	Inventory
05.00	Underground Tanks
06.00	Tank Removal Procedures
07.00	Potential Surface Contamination
08.00	Lease Clause for Nonresidential Properties and Information for Tenants
<b>11.18.00.00</b>	<b>DEPARTMENT-OWNED EMPLOYEE HOUSING</b>
01.00	Definition
02.00	Policy
03.00	Responsibilities
04.00	Rental Rates
05.00	Utilities
06.00	Employee Housing Rental Agreement
07.00	Payment of Rent
08.00	Possessory Interest Tax
09.00	Maintenance and Repairs
10.00	Carpeting for Employee Housing
11.00	Surplus Property
12.00	Reporting Requirements

## **11.00.00.00 - PROPERTY MANAGEMENT**

### **11.01.00.00 - GENERAL**

#### **11.01.01.00      Responsibility**

Region/District Property Management manages all property held for future transportation projects, excess properties, and employee housing. For project and excess properties, this includes maintaining an inventory of state-owned properties, inspecting properties for loss prevention, marketing rentable properties, establishing tenancies, collecting rents, arranging property maintenance, and terminating tenancies. For employee housing, this includes obtaining rental agreements and arranging property maintenance.

#### **11.01.02.00      Delegations**

All Property Management approvals have been delegated to the regions/districts in accordance with the Statewide Delegation Summary. (See Chapter 2, Statewide Delegation Matrix, Section 2.05.00.00.) Property Management staff have full delegation to operate and approve within the parameters outlined in this chapter and as shown in the delegation matrix. Any activities outside the scope of this manual or the delegation matrix shall be subject to Headquarters Right of Way (HQ R/W)'s approval. Approval may be conveyed in writing or electronically. The region/district shall maintain a copy of the approval in the rental file(s) to which it applies.

#### **11.01.03.00      Property Management Reference File (PMRF)**

PMRF memos are used to supplement and clarify the Property Management manual. Memos are numbered "PMRF-96-\*\*\*" where "\*\*\*" is the sequential number beginning with "1" each calendar year.

#### **11.01.04.00      No Re-Rent Residential**

As a general rule, no vacated residential units shall be rented on projects with current environmental clearances. Vacated improvements on such projects should be cleared immediately. If an environmentally cleared project is in the STIP or SHOPP and has programmed funds for normal right of way, the no re-rent policy is mandatory.

In addition, the district should consider establishing a residential no re-rent policy on other projects if a shortage of replacement housing exists, or may develop, or for other reasons, such as specified action in the Freeway Agreement or official local agency request. The recommendation should contain complete justification, with advantages and drawbacks, and detailed analysis on social and economic consequences. The analysis must recognize that improvements cannot be removed prior to environmental clearance of the project and must consider the effect of boarded vacant improvements upon the neighborhood.

Approval for establishing a no re-rent policy is as follows:

- Environmentally Cleared Projects - No approval is necessary. If the project is also in the STIP or SHOPP and has programmed funds for R/W activities, an exception to establishing a no re-rent policy requires a rental/clearance plan approved by the DD or authorized delegate.
- No Re-Rent Recommended in the R/W Stage RAP Study - Approval of the R/W Stage RAP Study constitutes approval to institute the policy, although separate written approval from the DD is required.
- No Re-Rent Recommendation Submitted Separately from R/W Stage RAP Study - Written approval from the DD is required.

#### **11.01.04.01**      **No Re-Rent Nonresidential**

The district may also implement a no re-rent policy for nonresidential property when conditions warrant. The justification and approval required are the same as outlined above.

#### **11.01.05.00**      **Property Held for Future Purposes**

Where improved property is acquired far in advance of scheduled construction and the DD or authorized delegate has approved an exception to the no re-rent policy, the policy of the Department of Transportation (Department) is:

- Keep the property occupied.
- Maximize rental revenue.
- Minimize adverse effects of right of way clearance on the community.
- Be a good neighbor.
- Demolish the improvements if necessary.

#### **11.01.06.00**      **Disbursement of Rental Income to Counties**

S&H Code Section 104.6 requires that 24% of all rents received from real property acquired for future state highway purposes shall be disbursed to the counties where the rental properties are located. Department policy is to code all properties in the Right of Way Property System (RWPS), Property Screen, TPR510M, with a “Y” in the “24% TO CO” field. The only exception to this policy is when the Department owns a mobile home, but not the land. In this case, an “N” will be entered into the “24% TO CO” field. Accounting is responsible for disbursing the funds to the counties in accordance with S&H Code Section 104.10. The 24% represents payment for taxes, assessments, possessory interest, etc.

#### **11.01.07.00**      **Rental of State-Owned Properties to State Employees**

State employees, including employees of the Department, are eligible to rent state-owned properties provided their jobs do not involve managing the property, estimating or setting the rental rate, or performing other property management activities.

#### **11.01.08.00**      **Use of Bilingual Agents**

Every effort should be made to use bilingual Agents when working in areas where tenants are non-English speaking.

#### **11.01.09.00**      **Federal Participation in Revenue and Expenses**

23 CFR Part 710 Subpart D, effective January 20, 2000, states that acquiring agencies shall charge current fair market rent for the use of real property if those real property interests were obtained with Title 23 funding. Exceptions to the general requirement for charging fair market value may be approved if determined to be in the overall public interest for social, environmental, or economic purposes, or nonproprietary governmental use. Written requests for exceptions shall be submitted in advance to FHWA (through HQ R/W) for approval.

The federal share of net income shall be used for activities eligible for funding under Title 23, in which case the state may retain rental and lease revenues without crediting federal accounts. Since rental and lease revenues are deposited into the State Transportation Fund, which is a Special Revenue Fund used primarily for Title 23 projects, the Department has met the intent of CFR 710.403(e). Furthermore, the Department is not required to track and report the expenditures from these revenues. Revenues should be coded as ineligible for federal reimbursement. (See Exhibit 11-EX-1, Letter to FHWA dated March 4, 1999.)

Under 23 CFR Part 710 Subpart D, property management costs continue to be eligible for federal participation until final project voucher. The Department has made a policy decision, however, that it will not seek federal reimbursement for property management costs (i.e., operating expense and support costs). Therefore, expenditures should be coded as ineligible for federal reimbursement.

#### **11.01.10.00**      **Other Applicable Federal Regulations**

Policies and procedures for managing real property acquired in connection with a federal-aid transportation project are contained in 23 CFR, Subpart A, Sections 713.101 through 713.103. The policies are applicable to all state and political subdivisions that manage real property acquired for transportation projects in which federal funds are used for any right of way costs.

#### **11.01.11.00**      **Title VI, Civil Rights Act**

Title VI of the 1964 Civil Rights Act forbids discrimination against any person in the United States because of race, color, or national origin by any agency receiving federal funds. See Manual Section 2.04.01.00 for additional information.

#### **11.01.12.00**      **Right of Way Property System**

Right of Way policy mandates use of the RWPS. See the RWPS Users Manual for additional information. A copy of the Manual is on the Right of Way Intranet under HQ Offices, Property Management, Property System Handbook.

#### **11.01.13.00**      **Filming on State-Owned Property**

Government Code Section 14998-14998.10 is known as the Motion Picture, Television, and Commercial Industries Act of 1984.

Government Code Section 14999.55 is known as the State Theatrical Arts Resources (STAR) Partnership.

Government Code Section 15363.70-15363.75 is known as the Film California First Program.

These various Government Codes established the regulations and guidelines in association with filming on state-owned property such as: The Director of the Film Office shall be the permitting authority for the use of state-owned property and state employee services for the purpose of making commercial motion pictures; allows production companies and other film industry companies to lease property owned by the State of California at no charge or below market rates; allows state agencies to be reimbursed for the film costs incurred including state employee costs, maintenance costs, electrical costs, etc., and directs state agencies to identify surplus properties that may be available for use.

Current Department policy asserts that the Department will not charge any production company working through the California Film Commission (Commission) a rental/lease charge for utilizing surplus property for filming. However, the Department will charge production companies for employee time including overtime charges and any miscellaneous costs.

Whenever a production company contacts a Region/District, you will contact either the Commission or your local Film Liaisons in California, Statewide (FLICS) person to coordinate any activities. The Commission is responsible for issuing permits, collecting fees, and making sure insurance coverage is obtained.

The Regions/Districts' initial responsibility is to show the property to interested production company representatives. If the production company decides to use the property, the Agent involved will ensure Exhibit 11-EX-49, Department of Transportation, Division of Right of Way, STAR Program Agreement (Agreement), will be prepared. This will serve as the rental/lease agreement between the Department and a production company. Upon execution by both parties, the Agreement will be sent to the Commission for inclusion in their permit.

Once a production company has been approved to film on state-owned property, it is the responsibility, with the assistance of the Commission if needed, of the Region/District to have an agent(s) on site for monitoring purposes. The agent will be there to answer questions and make sure the production company is adhering to the requirements of the Agreement.

When properties identified as **historic** are to be used for filming, contact HQ R/W for additional requirements prior to making any commitments or the signing of any agreements.

## **11.02.00.00 - CLOSURE PROCEDURE**

### **11.02.01.00      General**

Upon execution of a R/W Contract or recordation of an FOC, the Acquisition Agent (or Condemnation Agent for an FOC) shall send an MOS, RW 8-12, to Property Management with a copy of the R/W Contract or FOC as appropriate. Property Management should assign the parcel to the Agent responsible for the territory. The Agent shall review and be familiar with the documents and the appraisal involved.

In the majority of cases where property is acquired under R/W Contract, there will be a period of time, usually three to six weeks, between receipt of these documents and close of escrow or recordation. Whenever possible, the Agent should contact the occupants prior to close of escrow to discuss the terms of rental occupancy. The Agent should read the R/W Contract carefully to determine any special conditions imposed that might affect, for example, the rental rate, term of occupancy, rental commencement date, or special disposition of acquired property.

Where property is acquired through an FOC, the Agent shall take immediate action to contact the occupants since rental commences on the day following recordation of the FOC.

### **11.02.02.00      Determination of Rentable Properties**

Properties shall be considered rentable if re-rental is appropriate and there is a high probability that a tenant can be found. Pertinent factors to consider in determining rentability include topography, zoning, accessibility, lead time, availability of utilities, size and location of parcel, and condition and nature of improvements.

### **11.02.03.00      Contact with Grantor and/or Tenant**

The Agent shall accomplish the following upon initial contact with the grantor or tenant:

- Determine existing rental rate, if any.
- Determine current rental period (e.g., rent paid monthly and due dates).
- Determine if rent is prepaid, up to and including what date.
- Determine who is responsible for payment of various utilities (water, gas, electricity, sewer, and garbage).
- Complete the Rental Application.
- Advise tenant of policies regarding security deposit, or transfer of deposit from grantor at time of close of escrow, and payment of first and last month of lease, if applicable.
- Advise tenant of period property will be available for rental or lease, and determine if tenant intends to stay.
- Inform tenant that all monthly rents are due on the first of the month, and advise tenant that prompt payment of rent is mandatory in all cases.
- Advise tenant about Possessory Interest Tax (see Section 11.07.16.00).

**11.02.04.00**      **Inspection of Property and Determination of Rental Rates**

The Agent shall thoroughly inspect all property, including improvements, prior to acquisition or as soon as possible after acquisition. This inspection enables the Agent to become familiar with the property for purposes of reviewing the rental rate set by Appraisals and to note and abate any hazardous conditions that may exist.

**11.02.05.00**      **Procedures Upon Acquisition**

The start tenancy date must be entered in the RWPS Tenancy Screen as soon as the Agent is notified that acquisition is complete.

**11.02.06.00**      **Establishing New Accounts**

Written agreements covering rental and lease of all state property are required. The standard forms listed below shall be used but may be modified, with approval of the DDC-R/W or delegated representative, to comply with actual conditions or when special situations arise.

<b>TYPES OF AGREEMENTS</b>	
<b>Form No.</b>	<b>Type</b>
11-EX-A	Residential Rental Agreement
11-EX-B	Lease Agreement (Commercial, Industrial)
11-EX-C	Agricultural Lease Agreement
11-EX-D	Advertising Structure Agreement

First, the Agent shall contact the RAP Unit to determine the RAP eligibility of each tenant occupying the property. The Agent shall then make any changes needed in the agreement to protect the tenant's RAP eligibility.

The Agent is responsible for seeing that agreements are processed promptly. The Agent shall have the tenant sign a minimum of two copies of the agreement and submit the agreement to the Property Manager for review before submitting it to the person authorized to execute on the state's behalf.

Each prospective tenant must complete a Residential Rental Application, RW 11-5.

The Agent is responsible for collecting the initial rent and security deposits. (See Exhibit 11-EX-2 for departmental cash handling procedures.)



#### **11.02.07.00**      **Rental Filing System**

A uniform Rental Filing System is necessary for accurate and proper control of rented properties. Each rental account file shall be kept by account number. If files become too large for one folder, additional ones shall be started. To provide a complete parcel rental history for each rental unit, all folders for one parcel shall be kept in one place; for example, in an accordion-type folder with the parcel number on it. The rental file shall be in chronological order and shall contain the items shown below.

##### **RENTAL FILE CONTENTS**

- R/W Contract
- MOS
- Rental Application
- Credit Report (if applicable)
- Rental Rate Documentation
- Rental Agreement (executed copy)
- Invoices or paid bills for repairs
- Property Management Rental Account Diary, RW 11-7, or alternative form (use is not mandatory, but is strongly recommended)
- Vacancy Report (if applicable)
- FOC (if applicable)

When property is vacated and then re-rented, the previous tenant's file shall be kept intact in the rental folder, current tenant data at the front. Alternatively, the previous tenant's file may be kept separately in order by account number. The MOS, R/W Contract, and copy of the Move-Out Inspection Form (RW 11-8, Page 2) should be transferred to that new rental file with any other information that provides file continuity.

Each rental unit in a multiple unit parcel shall have its own rental unit number and may be filed in its own folder as long as all unit files are kept together under the parcel number.

#### **11.02.08.00**      **New Property - Grantor Retains Improvements**

Occasionally, the Department enters into a R/W Contract that permits the owner to retain improvements if they are relocated by a certain date. If improvements are occupied at close of escrow, an appropriate ground rental shall be charged until the improvements have been removed, unless the R/W Contract provides for rent-free occupancy of the land. The Agent should discuss unique situations or uncertainties with the Property Manager or authorized representative before making a commitment. (See also Section 11.04.06.00.)

#### **11.02.09.00**      **Rental Period - Hardship Acquisition**

On hardship acquisitions, grantors are required to vacate the property within 120 days from the date of close of escrow, provided replacement housing is available. The rental agreement is limited to a term of not more than 120 days, except in extreme cases where hardship would be compounded by requiring relocation within the 120-day period.

**NOTES:**

## **11.03.00.00 - PROPERTY INVENTORY**

### **11.03.01.00      General**

Each district shall keep its inventory of rentable and non-rentable properties in RWPS up to date and accurate.

Permanent easements, temporary construction easements, utility easements, employee housing, and other similar real property interests acquired or owned by the Department are not to be entered into the RWPS.

### **11.03.02.00      Inventory Disposal Record**

The Acquisition Agent prepares the Inventory Disposal Record (IDR), RW 12-1, and assigns a Register Number when the MOS is prepared. (See Acquisition Chapter for additional information.)

### **11.03.03.00      Improvement Disposal Authorization**

The Improvement Disposal Authorization (IDA), RW 12-2, is a formal request to the DD or authorized delegate for permission to dispose of state-owned improvements or personal property. Approval of the IDA is authority to proceed with disposition of the improvements as specified. No property shall be disposed of in a manner at variance with the approved IDA without prior approval of the DD or authorized delegate.

### **11.03.04.00      Improvements and Personal Property**

For purposes of this inventory procedure, “improvements and personal property” means those structures, improvements, or personal property (such as furniture) whose disposal requires an IDA, RW 12-2. Miscellaneous items purchased as part of the real estate, such as TV antennas, air coolers, carpets, gasoline pumps, compressors, and drapes, are listed on the IDA. This applies whether the items are to be marketed, demolished, or transferred to another department or agency. Improvements such as landscaping and driveways that normally are destroyed in right of way cleanup contracts or by the road contractor as part of clearing and grubbing need not be listed.

Items of personal property purchased, such as furnishings, must also be shown. A Bill of Sale may be given an item number and copy attached to the IDR.

Whenever salvaged property is removed from state-owned parcels, it shall be placed in a secured area in district facilities. The Property Manager will keep the required inventory forms in a file to account for each item. The Property Manager shall be responsible for the secured area and the keys thereto.

### **11.03.05.00      Numbering of IDAs and IDRs**

IDAs and IDRs carry the Parcel Number, Improvement Register Number, Expenditure Authorization Number, Co. Rte. and KP, and Federal-Aid Project Number. District filing is by Parcel Number.

### **11.03.06.00      Active Inventory of Improvements File**

The district shall maintain a file of active IDRs. A copy of the IDA for a parcel is placed in the file when the IDR file is set up. When all improvements have been disposed of in accordance with the IDA and the “Disposal Record” section (back) of the IDR has been completed, these two documents are transferred to the parcel file.

When multiple IDAs are required to dispose of improvement items carried under one Register Number, the disposal information should be transcribed from the multiple reports to the original form. The original is filed in the permanent district records.

A copy of the Inventory and Disposal Record shall be retained until it is necessary to process the improvements for clearance and an Improvement Disposal Report file is set up.

When it has been certified that all improvements have been disposed of in accordance with the Improvement Disposal Report or Reports, and the "Disposal Record" section (back) of the Inventory Disposal Record is completed, the Improvement Disposal Report shall be transferred to a closed file. The original in the active file may be destroyed.

#### **11.03.07.00**      **Closed Inventory of Improvements File**

The closed inventory record form shall be part of the district's permanent records. As long as any items originally set up remain uncleared, however, the record must remain in the active file.

#### **11.03.08.00**      **Water Stock**

If appurtenant stock is acquired, it shall be held until the need for a water supply ceases. If it is not necessary to retain appurtenant water stock, the district shall submit the stock to the company secretary for cancellation.

In those cases involving excess land, the district must arrange for reissuance of the stock to the purchaser at the time of sale.

If non-appurtenant water stock is purchased, it shall be held until the need for a water supply ceases. It shall then be submitted to the water company for cancellation with immediate reimbursement to the state by the water company or reimbursement upon resale of the stock, at the water company's option.

If it is not necessary to purchase water stock, the district shall acquire the land without paying any consideration for the water stock.

Each district shall maintain an inventory and disposal record of water stock. The district shall inventory each acquired share or fractional share of water stock and keep a complete record of all water stock acquired.

After stock certificates are reissued in the state's name, the district shall forward them to the Division of Accounting for filing.

The state is subject to assessments whenever it holds such shares of mutual water company stock. Prior approval from the DD or authorized delegate is required before any assessment can be paid.

Mutual water company stock that is acquired in connection with acquisition of land for other than right of way purposes shall be processed as set forth in this section.

#### **11.03.09.00**      **Lost or Stolen Property**

The Agent reports all cases of lost or stolen properties as follows:

- Salvage or Contributory Value Less Than \$100 - no action necessary.
- Salvage or Contributory Value More Than \$100, less than \$1,000 - send notice to the District Security Coordinator with a courtesy copy to the Departmental Security Coordinator in Headquarters (see Exhibit 12-EX-01). Notification of local law enforcement is at the district's discretion.
- Salvage or Contributory Value More Than \$1,000 - send notice to the District Security Coordinator with a courtesy copy to the Departmental Security Coordinator and report to local law enforcement agency.

Notification to the District Security Coordinator should be sent no later than the first work day following discovery of the incident.

The IDR should be properly annotated concerning lost, stolen, or destroyed property.

## 11.04.00.00 - RENTAL RATES

### 11.04.01.00      General

Our policy is to charge fair market rent and to rent only to tenants willing and able to pay fair market rent. Fair market rent is the amount of rent that a parcel would command in the open market if offered under the terms and conditions typical of the market for similar properties. Exceptions are made for:

- 1) Tenants whose rental rates are established by Right of Way Contract.
- 2) Residential tenants who originally qualified for affordable rent status prior to March 3, 1981, and who still meet the income requirements. (See Exhibit 11-EX-3, Affordable Rent Tenants.)
- 3) Local rent control (see Section 11.04.05.00).
- 4) Social, environmental, or economic purposes or nonproprietary government use with FHWA's prior written approval.

The district shall set up all state-owned properties that are suitable for renting and are proposed for occupancy as rental accounts and shall charge rent as follows:

- **Property Improved with an Owner-Occupied Residential Unit** - Grantor's rental shall commence on the 16<sup>th</sup> day after the close of escrow or the day after the Order of Possession becomes effective.
- **Property Occupied by a Business** - A rental grace period (maximum of 60 days) may be granted to the tenant (former owner, inherited tenant) if circumstances warrant. The grace period may commence on the day after the close of escrow, or the day after the Order of Possession becomes effective, or at some other time during the lease term, depending on whether or not the business has a commitment to pay rent on a replacement site. See Relocation Assistance Chapter, Section 10.05.24.00, for further details.
- **All Other Classes of Property, Including Property Partially Tenant-Occupied** - Rentals shall commence on the day following close of escrow or the day after the Order of Possession becomes effective.
- **Exceptional Cases** - Adherence to rental rates established by executed R/W Contracts is required. Lease purchase sale of excess land to a tenant-buyer will provide for a lease at above market rate. See Excess Land Chapter, Section 16.05.14.00, for further details.

These provisions do not preclude longer free occupancy periods where necessary or desirable with the DDC-R/W's approval. The terms of either the R/W Contract or the transmittal memorandum must indicate, however, that the state is receiving a consideration for the extended rent-free occupancy.

The initial rental rate for all improved properties and rented unimproved properties is in the appraisal report.

- **Tenant-Occupied Properties** - The actual existing rental rate and the estimated fair market rental rate are shown.
- **Owner-Occupied Properties** - Only the fair market rental rate is shown. The rentals of similar properties shall be the basis for estimating the fair market rental rate.

#### **11.04.01.01**      **Rental Rate Increase Policy**

Department policy is to review rental rates annually and make the appropriate adjustments keeping in mind that a 60-day notice is required prior to raising rents. This applies to residential and nonresidential properties.

Included within the 60-Day Notice for rent increases will be a statement that the tenant has the opportunity to request a “valuation summary.” The summary will be of sufficient detail to provide the tenant with adequate information to review and understand the basis for the rent increase. The tenant’s request must be in writing.

The Department’s rental rate policy shall be as follows:

- If current rent is 25% or less below fair market rent, there will be annual 10% rent increases until actual rent equals market rent.
- If current rent is more than 25% below fair market rent, there will be 10% rent increases every six months until actual rent is 25% or less below fair market rent and then there will be annual 10% rent increases until actual rent equals fair market rent.

#### **11.04.02.00**      **Rent Determinations**

Property Management is responsible for establishing fair market rent determinations on residential properties. Property Management may request assistance from Appraisals, but must provide Appraisals with detailed information about the subject properties. For information and responsibilities for rent determinations on nonresidential properties, see Section 11.05.01.00 for guidance.

A fair market rent determination is an estimate of the amount of rent, which a parcel would command in the open market, if offered under the terms and conditions typical of the market for similar properties.

The rent determination shall be based on current rents being paid in the area for comparable property. An analysis of the comparable rental and other market data such as size, location, condition of property (exterior and interior), etc., will be completed. The subject properties and comparable data shall be viewed in the field and the comparable property will be inspected if available. Exhibit 11-EX-46, Documentation of Residential Fair Market Rental Rate, will be used for all rent determinations. The rent determination includes a signed statement that the agent has personally viewed and inspected the parcel. The rent determination shall also be signed by a Property Management Senior and placed in the rental file.

At minimum, a 48-hour notice will be given to the tenants prior to inspecting the property for rent determinations.

#### **11.04.02.01**      **Changing the Rental Rate Shown in the Appraisal**

Although Property Management will normally use the rental rate shown in the appraisal, it has the right to revise the rate if justified by more recent market data. If a change in the rental rate for residential properties is proposed, the Agent shall complete Exhibit 11-EX-46, Documentation of Residential Fair Market Rental Rate, and submit to the Property Manager or designee for approval. For nonresidential properties, the agent will complete Exhibit 11-EX-53, Nominal Value Nonresidential Rental Appraisal, and submit to the Property Manager or designee for approval. (See Section 11.05.04.00 for additional information in regard to nonresidential properties.) All documentation shall be filed in the rental folder.

#### **11.04.03.00**      **Lease Term**

At its discretion, the district may set the length of lease terms up to five years, provided rate adjustments are incorporated and 90-day (or less) cancellation clauses are included. Suggested guidelines are as follows:

- **The Property Is in an Active Market, Subject to Recent or Anticipated Property Value Increases -** Consideration should be given to keeping the term short (e.g., one year). The advantage is that the rent can be reappraised and adjusted with market changes; the disadvantage is that a yearly reappraisal and renewal are required.
- **Properties Are of Relatively Low Value (e.g., Agricultural and Nominal Leases) and the Market Is Stable -** Consideration should be given to a longer-term lease (e.g., 3-5 years). This reduces the need for annual reappraisal and lease renewal where little or no rental change is likely. In such a case, a rental adjustment lease clause may be omitted.
- **Other Leases (e.g., Commercial and Industrial) in a Stable Market -** Consideration should be given to a longer-term lease (e.g., 3-5 years). To keep up with the rental market, the lease should contain a provision for annual rental escalation. Examples include level or graduated rental step raises (based on projected market trends) and raises tied to a Consumer Price Index. (See page 9 of Exhibit 11-EX-B, Lease Agreement, for standard rent escalation clauses.)

Use of a flat rate must be justified and documented in the file or preapproved in writing by the DD or authorized delegate.

Where possible, all leases should be written with a short termination time (e.g., 90 days or less) to provide maximum flexibility. Leases with terminations longer than 90 days should be written on an exception basis only and must not conflict with project certification schedules. Similarly, multiyear leases must be written to avoid such conflict.

#### **11.04.04.00**      **Escalation Clauses**

The assigned Agent shall annually review each lease agreement containing a rental escalation clause. The Agent shall adjust the lease rate according to the terms of the agreement and notify the lessee. The rental file and the RWPS shall be appropriately documented. The Property Manager shall be responsible for reviewing the rental files and the RWPS to ensure compliance.

#### **11.04.05.00**      **Local Rent Control**

Occasionally, the rental rate policy that calls for rental increases under certain situations may be in conflict with local rental control. If the existing rental rate is substantially below the market rate and the proposed rate of increase exceeds the limits provided in a local rent control ordinance, the district should contact the local agency:

- To explain the need for bringing rents to market rate.
- To explain that once rents are at market rate, the limitations prescribed in the rent control ordinance will be observed.
- To attempt to get the local agency's concurrence.

If the local agency does not concur, the district shall comply with the local ordinance.

**11.04.06.00**      **Owners Retain Improvements**

If the R/W Contract requires the owner to remove retained improvements within a short time period (e.g., 90 days), a rental rate providing a current market return on the acquired property is charged. The rental rate shall not include a return on retained improvements. If the acquired land is of such size and irregular shape (e.g., narrow strips) that the market rental rate cannot be readily determined, the monthly rental rate may be set at one percent (1%) of the payment for the acquired property.

After the close of escrow, if any structural improvement retained by the grantor remains on the acquired property past the term agreed to, the district shall charge fair market rent for the use of the property purchased from the grantor. The agent should also check the Right of Way Contract for clauses pertaining to provisions agreed upon if such issue occurred. (For example, the right of the Department to sell or demolish the improvements remaining on State property.)



## **11.05.00.00 - NONRESIDENTIAL RENTALS**

### **11.05.01.00      Fair Market Rent Determinations**

Appraisals shall independently establish, review, and approve fair market rent for nonresidential properties with the following exceptions:

- Nominal value rentals up to \$200 per month or \$2,400 per year
- Oil and gas rights set by contract or other binding document
- Field offices and other properties being used by the Department
- Signboard sites
- Porter Bill park leases
- Residential master tenancy leases
- Bid leases
- Bike paths leased to public agencies
- Leases for agricultural, community garden, or recreational purposes under S&H Code Section 104.7
- Interim rent changes (see Section 11.05.04.00 below)

Property Management shall determine the actual rental rates and shall fully justify and document any adjustments from fair market.

### **11.05.01.01      Appraisal's Requirements**

The Appraisal Branch prepares, reviews, and approves fair market rent determinations for all nonresidential properties except those noted above.

The service is provided upon written request from Property Management. These requests should be scheduled so as to give Appraisals as much lead time as possible, and will include the following information:

- A map of the property.
- Parcel number, county, route, post mile/kilometer post and property address.
- Improvements that belong to the tenant and should be excluded from consideration.
- Special items on the property, such as machinery or equipment. An inventory should be available if needed.
- Whether construction of improvements on the property will be permitted.
- Term of the proposed lease and estimated length of time property will be available for rent.

Rent determinations will be updated upon written request from Property Management.

#### **11.05.02.00**      **Nominal Value Nonresidential Rentals**

Many properties cannot be rented for more than nominal rent because of use, size, irregular shape and/or location. Nominal rent for this purpose is defined as \$2,400 per year (\$200 per month) or less.

At the Region/District's option, the Appraisal Branch staff or the Property Management Branch staff may be used for rent determinations on nominal value nonresidential rentals.

In these cases, Exhibit 11-EX-53, Nominal Value Nonresidential Rental Appraisal, is required. It should identify and describe the parcel, and summarize the data and analysis that lead to the appraiser's conclusion of fair market rent. The nominal rental conclusion should be stated as a specific rental amount. A map of the appraised property is required (8½" x 11" print is sufficient); photographs are recommended.

The rent determination should include a signed statement that the appraiser or property agent has personally viewed and inspected the parcel. The determination should also be signed by the function's Senior.

All nominal rents shall be supported by the use of comparables in the area or other available market data, such as the opinions of realtors or other experts. Consideration shall be given to:

- Length of time the property will be available.
- Market demand.
- Any savings in maintenance costs to the state.

Many parcels of vacant land require annual expenditures by the state for weed abatement and trash removal, and these expenditures can be passed on to lessees with nominal rent leases.

#### **11.05.03.00**      **Rental Grace Period on Business Properties**

See Relocation Assistance Chapter, Section 10.05.24.00, for information on rental grace periods.

#### **11.05.04.00**      **Rental Rate Increases Prior to Appraisal**

When Appraisals is unable to furnish the fair market rent for nonresidential properties on a timely basis, and where the existing rental rates are thought to be substantially below market, Property Management may establish interim rental rates based on the best available data. The interim rental rate must be documented in the property file.

When a rental rate is established without an appraisal determination, the Agent shall inform the lessee that the rental rate is temporary, pending an appraisal determination. A clause similar to the following should be included in the rental agreement or lease:

*Lessee agrees that the rental rate of \$\_\_\_\_\_ per month/year set forth above is an interim rate for a period of at least six (6) months. The lessor will obtain an appraisal of the fair market rent for the leased property. Lessee agrees that lessor may adjust the rental rate based on the market rent appraisal by giving lessee sixty (60) days' prior notice.*

**11.05.05.00****Rental Rate Review**

The Property Manager or designee shall review the rental rate on all nonresidential accounts annually and shall maintain an up-to-date sampling of fair market rental rates for similar properties in the vicinity of the state-owned properties. The exceptions are those rental rates that are determined by set increases such as CPI Index and those that are established in the rental agreement or lease for multiple years.

**11.05.06.00****Rental Rate Increase Policy**

See R/W Manual Section 11.04.01.01.

**NOTES:**

## **11.06.00.00 - RESIDENTIAL RENTALS**

### **11.06.01.00      General**

The Agent should fully inform tenants of:

- The Department's rental rate policy.
- Their responsibility to maintain the property.
- Title VI policies.

### **11.06.02.00      Annual Rental Rate Reviews**

The Property Manager or designee shall annually review the rental rate on all residential accounts and those accounts where the rental rate is not set by agreement or lease and shall maintain an up-to-date sampling of fair market rental rates for similar properties in the vicinity of the state-owned properties.

A request for fair market rent determinations should be submitted to the Appraisal Branch, completing Exhibit 11-EX-45, Request for Rent Determination. Keep in mind the time frame should allow adequate time for Appraisals to complete the determinations and still allow for Property Management to issue a written 60-day notice of rental rate increase to the tenant.

When Appraisals are unable to furnish the fair market rent determinations for residential properties on a timely basis, Property Management may establish the rental rates. Exhibit 11-EX-46, Documentation of Residential Fair Market Rental Rate, or similar form of Region/District's choice will be completed and filed in such a manner and office location that it will be available to the District Property Manager and other personnel for possible reference. A copy will be kept in the rental file. The Region/District Property Manager or designee must approve Exhibit 11-EX-46, or similar form.

#### **11.06.02.01      Rental Rate Increases**

See R/W Manual Section 11.04.01.01.

### **11.06.03.00      RAP Eligibility**

The RAP Unit determines the eligibility of existing tenants for relocation assistance and payments and provides this information to the Property Manager. Property Management should coordinate with the RAP Unit when RAP-eligible tenants vacate state-owned property.

### **11.06.04.00      Appeals (RAP-Eligible Tenants Only)**

RAP-eligible tenants have the right to appeal the Department's "Property Management Practices," including rental rate increases. All appeals must be in writing and must be filed within 15 days from the date of the notice of rental increase. Tenants shall have the right of personal appearance.

The district shall inform RAP-eligible tenants of their right of appeal and sufficiently explain the appeal procedure so the tenants understand:

- Grounds for appeal.
- How to make the appeal in a timely manner.
- Appeal must be in writing.
- Their right to a personal appearance.

#### **11.06.04.01      Grounds for Appeal and Approval Authority**

RAP-eligible tenants may appeal rental rate increases when:

- They believe rental rates have been improperly established.
- They believe the Department's maintenance of the property is inadequate.
- They believe a rental rate increase will cause an extreme financial hardship.

A basic role of the Department in reviewing appeals is to determine that rental rates have been properly established and tenants have been thoroughly advised of the rental rate policy requiring fair market rent.

Extreme financial hardship appeals may be based on tenants' inability to pay increased rent because of unusual or excessive expenses. Other consumer or voluntary expenses of the appellant will not constitute grounds for reducing the new rental rate.

#### **11.06.04.02      Appeals Hearing**

All appeals will be to the DDC-R/W, who may appoint a single Hearing Officer or form a District Appeals Board to hear appeals and make recommendations for the DDC to consider in making a decision.

If a District Appeals Board is appointed, it shall consist of at least three members who will meet to hear appeals in a timely manner. Board members must be thoroughly familiar with the Department's rental rate policy and rental management procedures.

Appeals will be heard within 20 days after the appeal has been received. Bilingual services will be provided if necessary. Any person may be allowed to assist the appellant in making a presentation. This rental appeal procedure is a departmental administrative policy, however, and is not a legal hearing subject to legal procedures or arguments.

Prior to considering any appeal, the DDC-R/W, Hearing Officer, or Board shall be briefed on reasons for the appellant's rent increase, including pertinent comparable rentals.

All data furnished by the appellant and district staff shall be carefully reviewed to determine if the rental rate has been properly established. The appellant may be asked to provide additional information and to confirm data presented in the appeal.

Upon completion of the appeal hearing, the Hearing Officer or Board shall recommend to the DDC-R/W that the appeal be wholly granted, granted in part, or denied. The recommendation shall be by the Hearing Officer or by a majority vote of Board members, shall be in writing, and shall contain the basis for the recommendation.

The DDC-R/W shall make the final decision. The DDC's decision will be conveyed to the appellant in writing within ten working days after the hearing. Notification of the decision will include the reasons supporting the decision.

Appeals will be processed promptly in accordance with the preceding time frames. The scheduled rental rate increase will be deferred until the tenant has received notification of the results of the appeal. If the appeal is denied, the tenant is responsible for the rental increase from the effective date of the initial notice.

#### **11.06.04.03**      **Extreme Financial Hardship**

The intent of the financial hardship procedure is to provide tenant(s) a relief mechanism for a temporary period in recognition of extreme financial hardship circumstances resulting from a rental rate increase. It is not the Department's intent to assume continuing involvement in, or responsibility for, tenant financial affairs or to otherwise compromise the rental program on a long-term basis.

When the appeals process documents such an extreme financial hardship, the district's decision may provide for temporarily suspending the rental rate increase. This will enable the tenant to either resolve the hardship circumstance and thereafter continue in tenancy at the new rate, or to secure alternate housing and relocate from the Department's property. The recommended suspension should rarely exceed six months in duration. The policy should be thoroughly discussed with and understood by the tenant when the appeals process is initiated.

In considering appeals for exceptions, the DDC-R/W will consider all factors leading to the appeal to determine:

- If a true extreme financial hardship caused by the rental rate increase exists.
- If the extreme financial hardship is of a temporary or permanent nature.
- If relocation of the tenant to accommodations within their economic means is feasible.

The appellant shall be notified of the decision as outlined in the appeals procedure.

In all cases where an exception is granted, Accounting must be notified in time to make the new rental rate effective at the end of the exception period.

#### **11.06.05.00**      **Inherited Tenants**

An inherited tenant is one who was in occupancy at the time of the state's acquisition. Rent charged to inherited tenants whose rent at close of escrow is below fair market will be increased to fair market 60 days after close of escrow.

#### **11.06.06.00**      **Pet Policy**

Department policy is to discourage the occupancy of pets in Department-owned property. In the event a Region or District allows tenants to have pets, the following procedures must be followed:

- A pet application(s) (Exhibit 11-EX-51) for each pet must be completed by the tenant(s) and approved by the Department. The pet application(s) with approvals will be kept in the rental file.
- A Pet Addendum(s) (Exhibit 11-EX-52) for each pet must be executed by the tenant(s) and the Department. The Pet Addendum becomes a rider for the rental agreement or lease and shall be attached to such and kept in the rental file.
- A pet deposit will be collected from the tenant(s). The amount of the deposit should be equal to the risk associated with the pet but in no circumstances less than \$200. The deposit is refundable depending on the findings discovered during the move-out inspection.

It is the responsibility of the tenant(s) to adhere to all requirements of the Pet Addendum including, but not limited to, keeping the property (inside and outside) free from pet waste, not allowing the pet(s) to become a nuisance to neighbors, and preventing the pet(s) from damaging the Department-owned property. (Damage could be digging of holes in the yard, staining of carpet, chewing of fences, etc.)

If at any time during the tenancy, an agent discovers damage (in any form) caused by a pet(s), the damage will be repaired immediately at the sole expense of the tenant(s). If the pet deposit and/or security deposit is insufficient to cover the repair costs, the tenant(s) will be charged the difference. All payments must be made immediately or face immediate termination. If the pet deposit and/or security deposit is utilized during the term of the tenancy to remedy any situation, a new pet deposit and/or security deposit will be assessed to the tenant(s). If this situation occurs, a larger pet deposit may be warranted.

When completing a property inspection and pet(s) are present, the agent must include any pet information on the Residential Property Inspection, Form RW 11-15.

All policies and procedures listed-above apply to inherited and existing tenants with pet(s).

Note: The Right of Way Property System (RWPS) guidelines for collecting and keeping track of a pet deposit is as follows:

- The pet deposit will become part of the security deposit.
- For existing tenants, an Adjustment Screen will need to be completed and sent to Accounting increasing the amount of the security deposit.
- For new or inherited tenants, the amount of the security deposit will be the sum of the security deposit and the pet deposit. The security deposit should not be reduced to accommodate the need for a pet deposit. These are two separate deposits, each with their own merit.
- A note should be made in the "Comments" Section of the Tenancy Screen that a pet deposit has been collected with the amount indicated.
- Department policy in regard to refunding pet deposits is the same as with security deposits. (See Section 11.07.12.03.) A pet deposit may be utilized only for damage caused by a pet, not delinquent rent or damage not caused by a pet.



## **11.07.00.00 - RENTAL PROCEDURES**

### **11.07.01.00      General**

The following sections specify procedures for renting vacated property that are in addition to those set forth in Subchapter 11.02.00.00, Closure Procedure.

### **11.07.02.00      Marketing Plan**

Each district should maintain a Marketing Plan that should be updated annually in July. The Plan should list by project the number and types of properties estimated to become available for rent/lease in the coming fiscal year. The Plan should also indicate the manner in which the properties will be marketed along with estimated costs.

### **11.07.03.00      Finder's Fees/Rental Incentives**

Finder's fees and rental incentives may be used when necessary to reduce the vacancy rate. A finder's fee is a rent credit given to an existing tenant as compensation for referring a prospective tenant to the state. A rental incentive is a rent credit given to a new tenant as an enticement to rent our property. A rental incentive should be used only as a last resort and may be spread over several months when used in a month-to-month rental agreement.

The RWPS Adjustment Request Screen is used to notify Accounting of any rent credit.

### **11.07.04.00      Advertising**

Whenever the district uses newspaper advertisements, it shall comply with Public Contract Code Section 10115.13 relating to the use of certain advertising business enterprises. The Property Manager shall contact the Department's Business Enterprise Program prior to advertising and request a list of any certified media firms for the area. The findings and subsequent actions shall be documented.

- **Improved Properties** - The Agent should use newspaper advertisements for residences and other improved properties when necessary to attract tenants. Posting of improved properties with advertising signs may be desirable in some cases and is at the district's discretion. Posting is not desirable where, for example, it would invite vandalism.
- **Vacant Land** - Rentable vacant land shall be posted with advertising signs indicating the property is for rent. Exceptions are allowed only when posting would be unreasonable, uneconomical, invite dumping or vandalism, or conflict with local sign ordinances. In some cases, newspaper advertisements may be desirable for vacant land of high value.

### **11.07.05.00      Showing Property**

Under no circumstances are prospective tenants to be given keys that enable them to inspect state property on their own. If several parcels are available and a prospective tenant is interested in seeing a number of them, the Agent should ask the person to view the properties and improvements from the exterior. Thereafter, the prospective tenant may set up an appointment with the Agent to inspect those of primary interest.

#### **11.07.06.00**      **Rental Application and Credit Report**

Before making a commitment to rent, the Agent shall have the prospective tenant complete Form RW 11-5, Residential Rental Application, or RW 11-6, Nonresidential Rental Application, and verify the information.

- **Credit Reporting Agency Used** - A satisfactory credit report must be received. The applicant(s) shall pay the actual costs of the credit report(s).
- **Credit Reporting Agency Not Used** - The Property Manager or authorized representative must make a diligent effort to verify the information on the Rental Application before committing to rent to the applicant.

#### **11.07.07.00**      **Guidelines for Selection of New Tenants**

Property Management is responsible for renting to qualified applicants only. The Agent shall review all applications and select the most qualified applicant based on available data. The decision shall be based on ability to pay rent and ability and willingness to maintain the property and improvements.

As a guideline in determining the applicant's ability to pay rent, the applicant's gross household income should equal or exceed four times the rental rate. The district may make exceptions to this guideline at its discretion, but it must document all exceptions and retain the documentation in the rental file. Examples of exceptions include good employment history, prior record of consistently paying rents, good credit report, etc. All these factors will determine an applicant's eligibility to rent from the Department.

One test of ability to pay rent is that the applicant's gross household income should equal or exceed four times the rental rate. The district may make exceptions to this procedure at its discretion, but it must document all exceptions and retain the documentation in the rental file. Examples of exceptions include good employment history and prior record of consistently paying rents.

Federal and state laws prohibit discrimination in housing accommodations against tenants because of race, gender, creed, color, religion, national or ethnic origin, age, marital status, or disability.

#### **11.07.08.00**      **Use of Cosigners**

Cosigners should not be used to qualify an applicant with insufficient income or credit.

#### **11.07.09.00**      **Declined Applicants**

If an applicant is denied housing, the applicant will receive the denial in writing and the reasons for denial stated.

If Property Management's decision to deny tenancy to an applicant is based wholly or in part on information contained in a credit report, California Civil Code Section 1785.20 requires the following:

- Provide written notice of the denial to the applicant.
- Provide the applicant with the name, address, and telephone number of the consumer credit reporting agency which furnished the report to the person.
- Provide a statement that the denial was based in whole or in part upon information contained in a consumer credit report.

- Provide the applicant with a written notice of the following rights of the consumer:
  - (A) The right of the applicant to obtain within 60 days a free copy of the applicant's consumer credit report from the consumer credit reporting agency identified pursuant to the second bullet above and from any other consumer credit reporting agency which complies and maintains files on consumers on a nationwide basis.
  - (B) The right of the applicant under California Civil Code Section 1785.16 to dispute the accuracy or completeness of any information in a consumer credit report furnished by the consumer credit reporting agency.

(See Exhibit 11-EX-4, Written Notice of Denial.)

#### **11.07.10.00      Executing the Rental Agreement**

All occupants 18 years of age or older must sign the rental agreement. (An exception could be students still living at home or living at home during the summer.) Under no circumstances are new tenants to take occupancy prior to signing the rental agreement and paying all monies due, such as security deposits and prorated rents.

The DDC-R/W or authorized representative may execute all residential and nonresidential rental agreements on the state's behalf.

#### **11.07.11.00      Title VI Guidelines**

The Agent will inform the state's tenants about the Department's policy and procedures under Title VI of the 1964 Civil Rights Act and will deliver a "Your Rights under Title VI & Related Laws" brochure at the time the rental agreement is signed.

#### **11.07.12.00      Lead-Based Paint and/or Hazards**

Congress passed the Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as "Title X." Section 1018 of Title X directed HUD and EPA to require disclosure of information on lead-based paint and lead-based hazards before the sale or lease of most housing built before 1978.

Title X requires the following from landlords:

- Disclose all known lead-based paint and lead-based paint hazards to tenant(s).
- Provide tenant(s) with any records and reports pertaining to lead-based paint and/or lead-based hazards.
- Present EPA pamphlet, "Protect Your Family From Lead in Your Home," to tenant(s).
- Include certain warning language in the rental agreement or lease.
- Have a complete and fully executed Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards form, Exhibit 11-EX-48, on file.
- Retain signed acknowledgments for three years, as proof of compliance. (Department policy dictates that we will keep signed acknowledgments in the rental file for as long as we keep the file.)

#### **11.07.13.00**      **Initial Rent Collection**

When a new tenancy is created, one month's rent or the prorated amount due for the balance of the month shall be collected prior to the tenant's occupancy. Prorated amounts are based on a 30-day month. (See Exhibit 11-EX-5, Monthly Percentage Table For Rent Proration.)

#### **11.07.14.00**      **Security Deposits**

A security deposit shall be collected from new tenants, except for state's grantor, before tenancy commences. The security deposit is not a means of establishing a tenant's qualifications, but may be used to remedy any damages or defaults in rent payment.

Generally, tenants shall make a security deposit as follows:

- **Improved Unfurnished Property** - not to exceed an amount equal to two months' rent.
- **Improved Furnished Property** - not to exceed an amount equal to three months' rent.

#### **11.07.14.01**      **Waivers/Reductions**

In certain instances, the district may waive the requirement for collection of a security deposit or reduce the amount. Where the requirement is waived, the account file shall be fully documented. Acceptable conditions for a waiver or reduction are:

- In neighborhoods where improvements are in a state of decline and demand for rental units is relatively low, and where extensive efforts to rent have shown that the improvements are not sufficiently desirable to attract a renter who can make a security deposit.
- From a tenant inherited from state's grantor where a security deposit had not formerly been established and where the tenant is acceptable in all respects.
- From governmental agencies.
- For unimproved properties.

#### **11.07.14.02**      **Refund**

In all cases, the district shall furnish the tenant, by personal delivery or by first class mail, postage prepaid, a copy of an itemized statement indicating the basis for, and the amount of, any security deposit received and the disposition of the security deposit and shall return any remaining portion of the security deposit to the tenant(s) (see California Civil Code, Section 1950.05). The district must deliver any refund and the itemized statement within three weeks of the vacancy date.

In order to meet the three-week deadline, the Agent must submit the information to the Division of Accounting within five working days from the date of vacancy. It is the responsibility of the Agent to ensure the tenant(s) receives the itemized statement within the three weeks, preferably prior to the tenant(s) receiving a refund from the State Controller.

If the property is sold, the district, at its discretion, may return the security deposit to the tenant, less any lawful deductions, or transfer the deposit to the new owner. If transferred to the new owner, the district must notify the tenant in writing either by personal delivery or by certified mail. The tenant must be given an accounting of any deductions made and the new owner's name, address, and telephone number. If notice to the tenant is made by personal delivery, the tenant shall acknowledge receipt of such notice.

#### **11.07.15.00**      **Utilities**

Utilities generally include gas, water, sewer, telephone, electricity, and garbage service. Multiply these types of services by the number of utility companies involved and the number of properties a region/district maintains, and it is apparent that initiating, monitoring, and terminating utility services can be a considerable undertaking. The regions/districts, therefore, must adhere to the following guidelines, as well as develop additional procedures that address region/district problems and meet their specific needs.

#### **11.07.15.01**      **Responsibility for Utility Costs**

Tenants shall be solely responsible for all utilities including deposits. On an exception basis, there may be instances when it would be appropriate for the state to pay for electricity and gas, such as in a multiple residential unit where there is only one meter for supplying electrical or gas service for the property. If, however, individual meters are available, tenants should pay for their own utilities.

In those localities where the suppliers of water and sewer require the bill to go directly to the property owner, the regions/districts shall have those bills sent directly to the Department. The Department shall monitor those utility costs and charge the tenant the appropriate amount. This will require a clause in the rental or lease agreement which states the tenant is responsible for the actual cost of those utilities and the Department will notify the tenant of such costs on a regular basis.

Rental agreements must be specific about:

- Which utilities are assumed by the state and, therefore, are the state's responsibility.
- Which utilities are the tenant's responsibility and are to be paid directly to the utility company by the tenant.
- Which utilities are the tenant's responsibility but are collected from the tenant by the state and conveyed to the utility company.

It is imperative upon the Region/District to ensure adequate utility costs are being collected from the tenant. The agent may contact utility companies, housing agencies, or other data sources for estimated utility expenses for a particular area. Utility companies usually have information on average costs for their area based on number of rooms, number of occupants, etc. All utility justifications must be documented in the rental file.

Utility charges will be reviewed at least annually, earlier if needed, and adjustments made in accordance with the Utility Clause in the rental or lease agreement.

#### **11.07.15.02**      **Notifying Utility Companies at Date of Recordation**

Regions/districts should take special care transferring utility charges when an acquired parcel is recorded in the state's name. Problems encountered will vary from one area to another. Specific requirements, therefore, are brief and set forth general guidelines that shall be used to attain a reasonable degree of uniformity among regions/districts.

Prior to acquisition or as soon thereafter as possible, the Agent shall observe the utility requirements of the property and note the types of service in the rental file. The determination about which utilities the state will pay shall be based on information the Agent gathers while inspecting the property. If the state is responsible for payment of utilities, the region/district shall notify the appropriate companies in writing, specifying the date the deed was recorded in the state's name and the date the state will assume responsibility for the utility charges.

### **11.07.15.03**      **Payment of Utility Bills by the State**

Whenever utility service is initiated in the state's name, or is transferred back into the state's name (e.g., when a tenant vacates rental property), the Agent shall request that the utility company send the initial bill directly to the region/district Property Management office. The Agent shall review the bill for accuracy and shall write the source, charge, EA, special designation, and agency object (x002) codes on the bill or attach a Receiving Record (Form 1226A) with the information. For residential rental property, the Agent shall also check to make sure the state is being charged a residential rate and not a commercial rate. The Agent shall forward the bill to the Division of Accounting, Accounts Payable, Utility Section, with a change of address request. Once Accounts Payable receives the bill, they will send the change of address to the utility company so future bills will be sent to Accounts Payable.

See Property Management Reference File #01-02, dated July 24, 2001, for further instructions.

On a quarterly basis, Accounts Payable will send a Utility Report to the regions/districts for verification.

### **11.07.15.04**      **Utility Deposits by Tenant**

If a tenant is to assume responsibility for utility service, the Agent shall advise the tenant that:

- The utility company may require a deposit.
- If any problems occur as a result of the deposit, the problems are solely between the tenant and the utility company, as the state will not become involved.

### **11.07.16.00**      **Possessory Interest Tax**

The tenant's interest is subject to a possessory interest tax (PIT) that is imposed by the county. S&H Code Section 104.13 requires the Department to pay the PIT directly to the city or county on the tenant's behalf. The tenants should be instructed to send any PIT bill they receive to the region/district office for handling. When the region/district receives any PIT bills, either from the tenant or directly from a county, they are instructed to send the PIT bill back to the county with Exhibit 11-EX-44, Possessory Interest Letter.

S&H Code Sections 104.6 and 104.10 require the Department to pay 24% of the rents collected to the county in which the property is situated and when the payment must be made. This payment is in lieu of the Department paying possessory interest taxes. The exception is that if the possessory interest tax on a particular property is more than 24% of the rental rate, the county may send a bill for the amount above 24% and the Department is obligated to pay such amount.

See Section 11.01.06.00 for further information on the 24% payment to the counties.

### **11.07.17.00**      **Residential Property Occupancy and Vacancy Inspections**

When a new tenant moves into a residential property, or when a newly acquired property has an inherited tenant, the tenant shall accompany the Agent on an inspection of the unit. Page 1 of RW 11-8, Residential Property Occupancy and Vacancy Inspections, shall be completed. All blanks must be filled in, noting "OK" or any deficiencies. The form is to be signed by the tenant and the Agent and a copy shall be given to the tenant.

Page 2 of RW 11-8 shall be completed when the tenant moves out. If possible, the tenant should accompany the Agent during the inspection and sign the move-out form, which is the basis for deposit refunds or withholdings.

#### **11.07.18.00      Uses of Rental Agreement**

Exhibit 11-EX-A, Residential Rental Agreement, is to be used for month-to-month tenancies only for the following types of rentals:

- Single-family residential property.
- Multiple-family residential property.
- Occasionally, instead of a lease where commercial or industrial month-to-month tenancies are involved.
- Vacant land only when necessary to execute a lease or rental agreement. This applies to vacant land, other than agricultural, or land with improvements retained by the grantor. Exhibit 11-EX-A, Residential Rental Agreement, may be modified to comply with actual conditions or when special situations arise upon approval of the DDC-R/W or designee.

#### **11.07.19.00      Courtesy Notice of Termination**

The Department's policy is to provide all tenants who are not eligible for relocation benefits an informal courtesy letter of the state's intention to terminate their tenancies at least 90 days before the required termination date. This requirement does not alter the state's authority to terminate on a 30-day or 60-day notice as provided in the standard rental agreement when such notice is absolutely necessary.

#### **11.07.20.00      Rental Refunds**

The district shall return any unearned rents to tenants who give proper notice and vacate the property in good condition. The unearned rents shall be prorated on a 30-day month basis in accordance with Exhibit 11-EX-5, Monthly Percentage Table For Rent Proration.

- **Tenant Has Paid Rent in Advance and Vacates the Premises on Their Own Volition Before the Rental Term Expires** - The district may make a refund for the unexpired portion of the term provided there is no delinquent rent and the tenant has cooperated in the matter of notification and is leaving the premises in good condition.
- **Tenant Has Paid Rent in Advance and Vacates the Premises at the State's Request Before the Rental Term Expires** - A refund will be made for the unexpired portion of the term.
- **Tenant Has Not Paid Rent in Advance and Vacates the Premises Before the Rental Term Expires** - The tenant will be responsible for the period of time up to the date that vacation of the premises was discovered or enforced. Every effort must be made to collect the amount due.

All requests to Accounting or adjustments to the account will be made utilizing the RWPS Adjustment Request Screen.

The district may waive the requirement that a tenant provide a termination notice when vacating property under a rental agreement.

#### **11.07.20.01      Leases**

Refunds will be made of rent collected for the period subsequent to the termination date of the lease. The termination date is determined pursuant to the notification of termination by the state or lessee as required by the lease.

#### **11.07.21.00**      **Notices**

The Department may use the following notices:

- 3-Day Notice to Pay or Quit, Form RW 11-11
- 3-Day Notice to Correct Breach of Covenant or Quit (Curable), Form RW 11-12
- 3-Day Notice to Quit for Breach of Covenant (Incurable), Form RW 11-13
- Notice of Termination of Tenancy and Notice to Quit, Form RW 11-10

Form RW 11-10, Notice of Termination of Tenancy and Notice to Quit, can be utilized as a 30-Day Notice or a 60-Day Notice. California Civil Code Section 1946.1(b) requires owners of **residential dwellings** giving notice to give notice at least 60 days prior to the proposed date of termination.

Section 1946.1(c) allows an owner of a residential dwelling to give notice at least 30 days prior to the proposed date of termination if the tenant has resided in the dwelling for less than one year.

Section 1946.1(d) allows for the owner of a residential dwelling to give notice at least 30 days prior to the proposed date of termination if all of the following are true:

1. The dwelling or unit is alienable separate from the title to any other dwelling unit.
2. The owner has contracted to sell the dwelling or unit to a bona fide purchaser for value and has established as escrow with a licensed escrow agent, as defined in Sections 17004 and 17200 of the Financial Code, or a licensed real estate broker, as defined in Section 10131 of the Business and Professions Code.
3. The purchaser is a natural person or persons.
4. The notice is given no more than 120 days after the escrow has been established.
5. Notice was not previously given to the tenant pursuant to this section.
6. The purchaser in good faith intends to reside in the property for at last one full year after the termination of the tenancy.

All nonresidential tenancies should receive a 30-day notice prior to termination.

#### **11.07.22.00**      **Cancellation - Failure to Pay Rent**

RW 11-11, 3-Day Notice to Pay Rent or Quit, shall be used to cancel a rental agreement or lease where the tenant is delinquent in rental payments. Notice shall be served upon the tenant as specified in Section 11.08.04.00.

If the tenant is eligible for relocation benefits, Property Management must notify the RAP Unit of the delinquency.

During the three-day period after service of the 3-day notice, the state must accept full payment of rent due when offered by the tenant. Acceptance of full rent due nullifies the 3-day notice. After the end of the three-day period, the state may refuse payment and continue with the eviction process. If payment is accepted after the three-day period, however, the notice is nullified. Entering the date of service of 3-day notice in the 3-Day Notice field of the RWPS Delinquent Tenancy Screen will electronically notify Accounting not to accept rent payments after the three-day period.

#### **11.07.23.00**      **Cancellation - Notice to Vacate For Reasons Other Than Failure to Pay Rent**

Where the tenant is not delinquent in their rent and the state wishes to terminate a rental agreement or lease that contains a 30-day or 60-day termination clause, RW 11-10, Notice of Termination of Tenancy and Notice to Quit, shall be used.

The notice shall be served in the manner described in Section 11.08.04.00. Refund policy is described above. The notice may be modified to provide for various lease termination requirements such as a longer time frame.



#### **11.07.24.00**      **Cancellation - Breach of Covenant**

When it is necessary to cancel a lease or rental agreement where the tenant has breached a covenant of the agreement with the state, RW 11-12, 3-Day Notice to Correct Breach of Covenant or Quit (Curable Breach), or RW 11-13, 3-Day Notice to Quit for Breach of Covenant (Incurable Breach), may be used.

Notice shall be served upon the tenant as specified in Section 11.08.04.00.

If the tenant is eligible for relocation benefits, Property Management must notify the RAP Unit of the breach.

Curable breaches include anything that can be cured or corrected by payment of money (e.g., late fees, deposits, insurance, and bonds) and may also include, for example, unapproved pets, excessive garbage or debris, and unauthorized use.

Incurable breaches cannot be cured once committed and include, for example, nuisance, committing waste and subleasing or assignment without prior state approval.

#### **11.07.25.00**      **Departmental Use of State-Owned Property**

Properties managed by Property Management may be used temporarily by other district functions if such use is within local government requirements. Although no rent will be charged, the user will be responsible for all maintenance costs, remodeling costs, and any costs necessary to return the property to its original condition.

#### **11.07.26.00**      **Termination Requirements**

California Civil Code Section 1950.5 requires the following process for residential tenancy, which began after January 1, 2003:

- Within a reasonable time after either party gave notice of termination, the landlord shall notify the tenant **in writing** of the tenant's option to request an initial inspection and to be present at that inspection. (Exhibit 11-EX-6, Landlord's Notice of Termination, when the Department gives notice; and Exhibit 11-EX-6B, Notice of Right to Inspection, when the tenant gives notice.)
- At a reasonable time, but no earlier than two weeks before the termination or the end of the rental agreement or lease, the landlord shall, upon the request of the tenant, make an initial inspection of the premises prior to any final inspection the landlord makes after the tenant has vacated the premises. (Exhibit 11-EX-6D, Initial Vacancy Inspection and Statement of Proposed Security Deductions.) This will allow the tenant an opportunity to remedy identified deficiencies in order to avoid deductions from the security deposit. The tenant's request does not have to be in writing; thus, it is mandatory to make a diary entry in reference to the tenant's desires.
- If the tenant requests an inspection, the parties shall attempt to schedule the inspection at a mutually acceptable date and time. The landlord shall give at least 48 hours' prior **written** notice of the date and time of the inspection. (Exhibit 11-EX-6C, Waiver of 48-Hour Notice of Initial Inspection.) This applies even if both parties have agreed to an acceptable date and time. The 48-hour prior written notice can be waived if both parties sign a written waiver.
- The landlord shall proceed with the inspection whether the tenant is present or not, unless the tenant previously withdrew his or her request for the inspection.

- Based on the findings of the inspection, the landlord shall give the tenant an itemized statement specifying repairs or cleaning that are proposed to be the basis of any deductions from the security deposit. (Exhibit 11-EX-6D, Initial Vacancy Inspection and Statement of Proposed Security Deductions.) This statement shall be given to the tenant, if the tenant is present for the inspection, or shall be left inside the premises if the tenant is not present for the inspection. (This statement is not to be confused with nor does it replace the requirement to furnish the tenant within three weeks an itemized statement indicating the basis for, and the amount of, any security deposit withheld.)
- The landlord may use the security deposit to remedy any situation that occurs after the initial inspection or was not identified during the initial inspection due to the presence of the tenant's possessions.
- If a tenant chooses not to request an initial inspection, the duties of the landlord are discharged. It is mandatory to make a diary entry indicating the tenant has not opted for an inspection.

## **11.08.00.00 - DELINQUENT ACCOUNTS**

### **11.08.01.00      General**

All rents shall be collected in accordance with the terms and conditions of the lease or rental agreement. Our standard monthly rental agreement provides that rent is due in advance on the 1st of the month. Rent not received by the 1st of the month is delinquent.

The agreement further provides that a late charge will be charged if the rent is not received by the 10th of the month. A postmark prior to the 10th of the month does not constitute receipt by the 10th of the month.

### **11.08.02.00      Suggested Methods of Collection**

The Agent should notify the tenant personally by telephone or letter that rent is delinquent and must be paid. In many cases, the tenant will pay the rent after this contact and will be prompt in paying thereafter. If the tenant is delinquent again the following month, however, the Agent shall send a strongly worded letter. If the Agent elects to enter into a payment plan agreement, the agreement shall be in writing and approved by the Branch Chief (Senior level or above). If the tenant fails to make a payment plan payment, a 30-day or 60-day notice will be served immediately. No further payment plans or compromises will be offered. Payment plans are not to be used as a regular way of doing business, but for those exceptional cases where payment plans are warranted.

If a tenant has been delinquent for three consecutive months, terminating the tenancy may be in order even though the rent is eventually paid each month. If the situation warrants, vacancy may be requested prior to this time. The Property Manager shall make this decision.

### **11.08.03.00      3-Day Notice to Pay Rent or Quit**

If rent is not paid immediately after the contacts and letter, the Agent shall serve a 3-day notice demanding that the tenant pay the total rent delinquency within three days or vacate the property. The 3-day notice should cover the current month's rent, plus any previous period of delinquency that may still be unpaid. The Agent shall immediately start eviction proceedings upon expiration of the three days (see Form RW 11-11, 3-Day Notice to Pay Rent or Quit). The Agent shall send copies of eviction notices and other related documents to Headquarters Cashiering to stop acceptance of payment. Partial or total acceptance of payment will forfeit the legal effect of the 3-day notice.

If a tenant is chronically delinquent but not currently delinquent, a 30-day or 60-day notice terminating the tenancy may be in order (see RW 11-10, Notice of Termination of Tenancy and Notice to Quit). If a 30-day or 60-day notice is served after a 3-day notice has been served, the legal effect of the 3-day notice is lost.

A 3-Day Notice to Pay or Quit and a Notice of Termination of Tenancy and Notice to Quit may be served concurrently. This process may be used when you want to collect some money from the tenant but still wish to proceed with an eviction. Even though money is accepted, thus forfeiting the legal effect of the 3-Day Notice to Pay or Quit, it does not cancel the Notice of Termination of Tenancy and Notice to Quit.

See Section 11.07.21.00, Notices, for additional information and requirements in regard to serving notices to vacate or to terminate the tenancy.

### **11.08.04.00      Method of Service of Notices**

The landlord's right to serve a 3-day notice to pay rent or quit is provided for in Code of Civil Procedures (CCP) Section 1161. The 3-day notice is served to the delinquent tenant for the total amount of unpaid rent as of the day of service.

Service of a 3-day notice or a 30/60-day notice is governed by CCP Section 1162 and shall be made as follows:

- By delivering a copy to the tenant personally.
- If he or she is absent from his or her place of residence, and from his or her usual place of business, by leaving a copy with some person of suitable age and discretion at either place, and sending a copy through the mail addressed to the tenant at his or her place of residence.
- If such place of residence and business cannot be ascertained, or a person of suitable age or discretion cannot be found, then by affixing a copy in a conspicuous place on the property, and also delivering a copy to a person there residing, if such person can be found; and also sending a copy through the mail addressed to the tenant at the place where the property is situated. Service upon a subtenant may be made in the same manner. The effective start date of the 3-day notice is one day following the postmark date.
- Service of a notice on a corporation differs slightly in that the notice must be served on a corporate officer or an authorized agent of the corporation who will accept on behalf of the corporation.

For practical purposes, “a person of suitable age and discretion” should be over 18 years of age.

Ordinary mail may be used when mailing copies of notices. To substantiate service, the server shall execute a proof of service by posting and shall place a copy in the rental file. As an alternative, the tenant’s copy may be sent certified mail, in which case the Agent does not need to sign a proof of service. The certified mail receipt shall be placed in the rental file.

The Agent shall make a diligent effort to effect personal service since that is the most effective and uncomplicated method of service.

**NOTE:** If the tenant is eligible for relocation benefits, region/district policy may require that the RAP Unit serve the notice. At the least, Property Management must coordinate service with the RAP Unit to ensure the tenant is advised of their continuing rights in regard to relocation assistance. See Chapter 10, Relocation Assistance.

The Agent shall send copies of a 3-day notice, eviction notice, or any other related documents to Headquarters Cashiering to stop acceptance of payment. Partial or total acceptance of payment will forfeit the legal effect of the notice.

#### **11.08.05.00      Legal Remedies for Collection and Procedures**

Various legal procedures are available to Agents for specific purposes. Agents should bear in mind, however, that they are not attorneys and shall obtain all legal advice and interpretations from Legal.

The state shall resort to legal proceedings to effect rent collection and/or eviction of delinquent tenants because of nonperformance of contractual obligations, usually nonpayment of rent. In addition, unlawful detainers are sometimes necessary for property clearance to meet certification dates. General procedures are outlined in Exhibit 11-EX-7, District Right of Way Procedure: Vacating Premises - Unlawful Detainer Action. Since procedures may vary from one judicial district to the next, it is incumbent upon Agents to discover the general requirements for their areas of responsibility.

#### **11.08.06.00      Dishonored Checks**

If a tenant/lessee has a dishonored check returned to the Department for any reason, payment is considered not received. There will be a \$25 fee automatically charged to the account for the first dishonored check and a \$35 fee charged for the second dishonored check in a 12-month period. If tenant/lessee fails to submit an acceptable replacement payment by the 10<sup>th</sup> of the month, the account will be considered delinquent and a late fee will be assessed.

If tenant/lessee has two dishonored checks within any 12-month period, the Department will no longer accept personal checks on that tenancy.

#### **11.08.07.00**      **Late Charges**

A late charge shall be assessed if the full amount of rent is not received on or before the 10<sup>th</sup> of each month. The late charge covers damages resulting from breach of the lease or rental agreement. The amount is determined by using 6% of the monthly rent as a guideline and shall not exceed 10%. The amount is entered in the late payment clause in the rental/lease agreement. Late charges may be waived for government agencies.

**NOTE:** The 6% figure is based on the figure relating to mortgages or deeds of trust in the California Civil Code and is generally used by the property management industry. The 10% figure is related to the maximum rate of interest in California chargeable by most persons (voluntary usury).

#### **11.08.08.00**      **Vacated Delinquencies**

When a delinquent tenant vacates and does not leave a forwarding address, the district has 15 calendar days to conduct an investigation to locate the former tenant before further collection efforts proceed. The district does not, however, have to wait until the end of the 15 days to submit the account to the Division of Accounting, R/W Accounts Receivable.

The following are sources of information that may lead to the former tenant's whereabouts:

- Certified mail with return receipt requested sent to the tenant's last address.
- Utility companies that show transfer of service.
- Banks, places of employment, or other references that may be listed on the tenant's rental application.
- Labor union affiliations, depending upon the tenant's profession.
- Department of Motor Vehicles, using driver's license number, California ID number, or car license number from the application.

As soon as a delinquent tenant vacates, the district should process the vacated tenancy through the RWPS Adjustment Screen. Within 15 days, the district should refer the account to Accounting for write-off or for referral to the collection agency for further collection efforts.

#### **11.08.08.01**      **Amounts \$250 or Less**

If the delinquent amount is \$250 or less, the district forwards completed Form RW 11-25, Authorization to Write Off or Adjust Accounts Receivable Bill, to Accounting and requests write-off of the account through the RWPS Adjustment Screen. The write-off request should include a brief justification (e.g., collection efforts are not cost effective based on Board of Control guidelines).

Accounting will immediately write off the account. If the delinquent amount is over \$100 and the delinquent tenant's Social Security Number is known, Accounting will submit the account to the Franchise Tax Board (FTB) for two successive years only. However, the Intercept Program is for intercepting refunds of Personal Income Tax accounts only and cannot be used for corporations or partnerships.

If all or a portion of the delinquent amount is collected, either through the FTB Intercept Program or from the vacated tenant, Accounting will reestablish the receivable account.

#### **11.08.08.02      Amounts Greater Than \$250**

If the delinquent amount is greater than \$250, the district prepares an Exhibit 11-EX-39, Collection Agency Transmittal, and forwards it to Accounting with the required documentation listed below. The vacancy date and amount due will be of critical importance if the collection agency pursues legal action against the debtor, and the district is responsible for ensuring the accuracy of this information. In addition, the district must enter the date the collection package is forwarded to Accounting on the Delinquent Tenancy Screen (TPR521M) in RWPS.

- Copy of first and last pages of rental agreement
- Copy of rental application
- New address documentation
- Copy of note about efforts to collect
- Copy of judgment
- Copy of voided check
- Copy of driver's license or California identification card

Accounting will verify the amount owed and forward the collection package to the collection agency under contract to the Department. In addition, Accounting will submit accounts with Social Security Numbers to FTB under terms of its Intercept Program.

Once an account is referred to the collection agency, Accounting takes on all responsibility for the account and makes all further contact with the collection agency. Any calls or letters from the delinquent tenant should be referred to the collection agency for response. **Under no circumstances should the district enter into a repayment plan with the delinquent tenant.**

In accordance with terms of the contract, the collection agency will submit a monthly report to Accounting showing the status of all accounts referred to them for collection. Accounting will forward a copy of the report to HQ R/W to be shared with the districts.

Under terms agreed to among the collection agency, Accounting and HQ R/W, Accounting will write off accounts that are deemed to be uncollectable. If all or a portion of the delinquent amount is subsequently collected, Accounting will reestablish the receivable account.

## **11.09.00.00 - RENTAL INTERNAL CONTROLS**

### **11.09.01.00      Policy**

To protect the integrity of the Department's rental assets and to protect employees handling those assets from accusations of fraud, the following control activities shall be performed for each acquired property. These activities shall be fully documented in the rental file to facilitate audit and management review.

- Information on newly acquired property shall be entered in RWPS as soon as the information is available.
- Improved non-rentable properties shall be inspected at least once a month.
- The rental file shall contain justification for classifying any property as non-rentable.
- Unimproved non-rentable and occupied rentable properties shall be inspected at least once a year.
- Vacated rentable properties shall be inspected within 15 days of any vacancy and at least once a month thereafter. Vacated rentable properties are those having more than a remote chance of being rented for a reasonable time prior to construction.
- Rentable occupied properties shall be subject to a confirming process of tenant interviews and tenant letters.

The sections below contain descriptions of major steps in the internal control process. The Property Manager or designee shall perform many of the specified control activities (such as inspections and reviews). The designee must be a R/W Agent at the associate level or above but must not, however, be the Agent assigned rental management duties for the specific property/rental account.

### **11.09.02.00      Newly Acquired Property Closure Procedure**

#### **11.09.02.01      Office Review**

Upon execution of a R/W Contract or recordation of an FOC, the Acquisition Agent (or Condemnation Agent for an FOC) shall send an MOS, RW 8-12, to Property Management with a copy of the R/W Contract or FOC as appropriate. The parcel should be assigned to the Agent responsible for the territory. The Agent shall review and be familiar with the documents and the appraisal involved.

#### **11.09.02.02      Field Review**

In the majority of cases where property is acquired under R/W Contract, there will be a period of time, usually 3 to 6 weeks, between receipt of these documents and close of escrow or recordation. Whenever possible, the Agent should contact the occupants prior to close of escrow to discuss the terms of rental occupancy. The Agent should read the R/W Contract carefully to determine any special conditions imposed that might affect, for example, the rental rate, term of occupancy, rental commencement date, or special disposition of acquired property.

Where property is acquired through an FOC, the Agent shall take immediate action to contact the occupants since rental commences on the day following recordation of the FOC.

### **11.09.03.00      Vacated Rentable Property**

The Property Manager or designee shall inspect all vacated rentable properties within 15 days after vacancies occur or are discovered and not less than once a month thereafter. The inspections shall be documented on the vacancy report in the rental file. At least annually, one of the inspections shall be done concurrently with a maintenance inspection and documented as required under Section 11.10.06.00.

#### **11.09.03.01**      **Agent Activities**

When a tenant vacates, the Agent shall thoroughly inspect and secure the property as soon thereafter as possible. Prior arrangements shall be made to obtain the keys from the vacating tenant. Upon receipt of the keys, the Agent shall accomplish the following:

- Inspect the property and, when necessary, prepare a request to have trash removed, improvements boarded up, hazardous conditions abated, or necessary maintenance performed.
- Perform an inventory of all items purchased by the state and place appropriate documentation in the rental file.
- Determine whether the property should be boarded up to provide protection against vandalism and theft.
- Report any lost or stolen property in accordance with procedures in Section 11.03.09.00.
- Prepare the necessary accounting documents to close the tenant's file.

#### **11.09.03.02**      **Property Manager Activities**

The Property Manager or designee shall complete the first verification of vacancy status within 15 days after vacancy occurs and shall discuss each vacated rentable property not less than once a month with the Agent. Monthly field reviews shall be made to assure that the properties are still vacant. Every effort should be made to rent those properties. Documentation of office and field reviews shall be kept in district files for audit.

#### **11.09.04.00**      **Occupied Rentable Property**

Field inspections of occupied properties shall be made at least annually to ensure the properties are maintained as well as or better than other properties in the neighborhood. Section 1954 of the California Civil Code (Civil Code) allows a landlord to enter the dwelling unit in case of emergency, to make necessary or agreed repairs, supply necessary or agreed services, or exhibit the dwelling unit to prospective or actual purchasers, mortgagees, tenants, workers, or contractors or to make an inspection. Except in cases of emergency or when the tenant has abandoned or surrendered the premises, entry may not be made during other than normal business hours unless the tenant consents to an entry during other than normal business hours at the time of entry. The landlord shall give the tenant "reasonable" notice in writing of his or her intent to enter and enter only during normal business hours. The notice shall include the date, approximate time, and purpose of the entry. The notice may be personally delivered to the tenant, left with someone of a suitable age and discretion at the premises, or, left on, near, or under the usual entry door of the premises in a manner in which a reasonable person would discover the notice. Twenty-four (24) hours shall be presumed to be reasonable notice in absence of evidence to the contrary. The notice may be mailed to the tenant. Mailing of the notice at least six days prior to an intended entry is presumed reasonable notice in the absence of evidence to the contrary. See Section 1954 of the Civil Code for further requirements.

Upon the completion of the field inspection, a copy of either Form RW 11-15, Residential Property Inspection, or RW 11-16, Non-Residential Property Inspection, whichever is appropriate, will be offered to the tenant/lessee.

Occupied rentable property shall be subject to a confirming process consisting of tenant interviews and letters to tenants to verify occupancy dates, rental rates, and deposits. The Division of Accounting and District Right of Way shall conduct this process on a sample basis shortly after tenancy commences.



Accounting shall send confirmation letters to newly inherited and re-rental tenants by using the sampling formula below:

- 100% for the first 10 new tenants each month.
- 20% of all new tenants over 10 each month.

Accounting will compare responses against rental records to confirm data and shall retain responses for audit purposes. Accounting will refer any unreconciled accounts and nonresponses to the Property Manager for personal verification.

The Property Manager or designee will personally verify the data with each tenant when there is an unreconciled item or nonresponse and shall document verification in the rental file.

#### **11.09.04.01**      **Confirming Process**

Occupied rentable property shall be subject to a confirming process consisting of tenant interviews and letters to tenants to verify occupancy dates, rental rate, and deposits. The Division of Accounting will conduct this process on a sample basis shortly after a tenancy commences or when any changes are made to an existing tenancy.

Accounting will compare responses against rental records to confirm data and shall retain responses for audit purposes. Accounting will refer any unreconciled accounts and nonresponses to the Senior Right of Way Agent in Property Management (Senior) for personal verification.

The Senior will personally verify the data with each tenant when there is an unreconciled item or nonresponse and shall document verification in the rental file.

#### **11.09.05.00**      **Non-Rentable Property**

All non-rentable properties must be continuously accounted for and periodically inspected in the field to assure continued vacancy. New agents shall be advised of all non-rentable properties within their areas of responsibility.

Districts shall conduct field inspections of non-rentable properties to determine their condition and reevaluate their status and shall retain documentation of these inspections in the district files. Unimproved properties shall be inspected at least yearly, and improved properties shall be inspected at least monthly. These inspections may be combined with required maintenance inspections, which shall be documented as required under Section 11.10.06.00.

#### **11.09.06.00**      **Rental Accounting and Cash Handling**

##### **11.09.06.01**      **New Accounts**

At the time a new tenancy is created, one month's rent or the prorated amount due for the balance of the month shall be collected. A security deposit shall also be collected prior to commencement of tenancy in accordance with Section 11.07.12.00.

#### **11.09.06.02**      **Rental Payments**

As standard procedure, tenants shall submit rental payments directly to Accounting. Only in unforeseen and emergency situations (e.g., tenant being served a 3-day notice to pay or quit, or having a medical or financial condition that prevents the tenant from paying the rent according to the terms and conditions of the rental agreement) may an Agent accept payment from a tenant in accordance with the following procedures:

- **Check/Money Order** - Endorse and mail (by overnight courier if possible) to Accounting at the following address:  
Department of Transportation  
Attention Cashiering Deposits, MS #58  
P. O. Box 168019  
Sacramento, CA 95816-8019
- **Cash** - Convert the currency and coins to a money order or cashier's check. Endorse the money order or cashier's check and immediately forward to Accounting at the above address.

All checks/money orders received by the offices via incoming mail, dropped off at the counter by customer, or received by an Agent must be endorsed immediately upon receipt. The endorsement is stamped on the back of the check/money order as close to the top as possible, above the endorsement signature line.

The District Cashier should be used only as a last resort.

If the tenancy account is not set up in the RWPS, the check, money order, or cash must be deposited in Account 84 (Suspense Account). The tenancy account shall be created as soon as the information is available. Upon creating the tenancy account, any monies deposited in Account 84 must be transferred to the tenancy account immediately by completing an Adjustment Screen.

#### **11.09.06.03**      **Receipts**

As a good business practice, Cash Receipts (Form FA 285) shall be issued to record receipt of ① cash or currency or ② check or money order in all instances. District R/W employees must request cash receipt books from the District Cashier.

Refer to "Cash Handling Policy" memorandum dated August 18, 1995 (Exhibit 11-EX-2) and "Cash Receipt Book Procedures" dated December 1998 (Exhibit 11-EX-2A) for additional information on completing Cash Receipts, Form FA 285.

#### **11.09.07.00**      **Termination of Rental Accounts**

The district shall use the RWPS Adjustment Request Screen to terminate accounts, to authorize refunds of rent or security deposits, and to notify Accounting of amounts to be charged for damages.

#### **11.09.08.00**      **Rental Offsets**

Rental offsets are allowed for work done by tenants with prior written approval from the Property Manager (Senior) or Supervisor, depending on the offset amount. Work done under rental offset must be inspected by the Department to assure it has been completed in a satisfactory manner. See Section 11.10.16.00 for detailed information.

#### **11.09.09.00**      **Non-Offsetting Maintenance**

Contractors hired by the state perform non-offsetting maintenance. The Property Manager must approve receipts and bills for non-offsetting maintenance using the RWPS Maintenance Module.

## **11.10.00.00 - PROPERTY MAINTENANCE AND REHABILITATION**

### **11.10.01.00      General**

All property shall be maintained in a safe and hazard-free condition. Nonresidential property repairs shall be limited to major items such as roofs, structural weaknesses, main sewer lines, electrical deficiencies, and water service pipes to fixtures. Residential rental properties will be maintained in a manner that reflects credit on the state and enhances local community values. Certain repairs must be performed on residential property to derive appropriate rental income, improve community relations, and conform to existing laws and ordinances.

As a general rule, the tenant shall be required to provide normal yard care (watering, mowing, weeding, and trash and junk removal). Tenant's failure to provide such care is a justifiable reason for terminating tenancy.

Under Health and Safety Code Sections 17980.6, 17980.7, and 17980.8, the state has a specific legal obligation to keep the premises in a condition fit for human occupancy. If necessary repairs require the tenant to relocate, the state must pay reasonable relocation costs. See R/W Manual Section 10.10.00.00 and contact District RAP Unit for assistance.

Displaced tenants must be given written notice of the first right to reoccupy the property after it is rehabilitated.

The state is also responsible for reasonable and actual costs to the enforcement agency that issued the citation, including the agency's cost to abate the nuisance if the state does not do so in compliance with the citation and applicable code sections.

### **11.10.02.00      Asbestos and Lead Paint**

Removal, disposal, or disturbance of asbestos and lead-based paint in conjunction with maintenance of property shall be in compliance with all state and federal requirements. If Property Management suspects the presence of such materials, it shall obtain surveys prior to starting any maintenance that would disturb the materials. Regarding lead-based paint, special attention should be given to residential properties constructed prior to 1978 since lead-based paint was widely used prior to that time. Standard property maintenance contract clauses specify how the contractor should deal with these materials.

### **11.10.03.00      Maintenance Expenditure Guidelines**

#### **11.10.03.01      Vacant and Non-Rentable Property**

All vacant and non-rentable properties shall be maintained in a manner that will reflect credit on the state and preserve local community values. In essence, this means that all state-owned properties shall be maintained as well as or better than other properties in the neighborhood.

All vacant and non-rentable properties shall be kept free of safety or health risks. This may include fencing of the property, boarding up doors and windows, installing outdoor lighting such as sensor lighting, etc. Where appropriate, the hiring of private security services may be warranted.

#### **11.10.03.02**      **Rented State-Owned Property**

Maintenance expenditures by the state shall be governed as follows:

- **Commercial or Industrial Lease (11-EX-B)** - Major repairs only shall be made to the roof, main sewer lines, and water service pipes to fixtures. Tenants shall do all interior work at their own expense. Deviation from this policy will be allowed only when it would be in the state's best interest with the DD's or authorized delegate's approval prior to start of work.
- **Master Tenancy Agreement (11-EX-23)** - For "Master Tenant Controlled Units," the state shall make no improvements or repairs of any nature whatsoever. Deviation from this policy will be allowed only when it would be in the state's best interest with the DD's or authorized delegate's approval prior to start of work.
- **Agricultural Lease (11-EX-C)** - The state shall make no improvements or repairs of any nature whatsoever. Deviation from this policy will be allowed only when it would be in the state's best interest with the DD's or authorized delegate's approval prior to start of work.
- **Advertising Structure Agreement (11-EX-D)** - The state will make no repairs and perform no maintenance whatsoever on the advertising structure.
- **Rental Agreement, Month-to-Month Tenancy (11-EX-A)** - Maintenance expenditures will be governed by exercising judgment at the region/district level that is commensurate with good business practices and within the limits set forth in this chapter of the R/W Manual. Some of the more common maintenance and repair services the state should provide include, but should not be limited to, exterior and interior painting, yard maintenance, and repair or replacement of plumbing, electrical facilities, roofs, windows, heaters, and built-in appliances.

#### **11.10.04.00**      **Health and Safety Requirements**

##### **Exterior Areas**

All state property shall be maintained in a clean and orderly condition so as not to detract from the general appearance of the neighborhood. If this condition is not met, the Agent shall investigate further and implement one or more of the following corrective measures to improve the property's appearance:

- Perform weed abatement.
- Remove dead and diseased trees.
- Remove litter and post proper signs.
- Eliminate or reduce safety hazards; e.g., by filling or capping wells; filling holes, caves, and ponds; and erecting barricades where necessary.
- Remove attractive nuisances such as abandoned cars, refrigerators, and freezers.
- Post proper signs to reduce trespassing such as illegal parking or storage.

If the property is tenant-occupied and its appearance does not meet neighborhood standards, the Agent shall immediately notify the tenant verbally and in writing that the unsuitable conditions must be corrected (see Exhibit 11-EX-8, Correction Notice - Unsuitable Conditions).

When it is necessary to clear weeds or diseased trees or to correct an unsafe or unsanitary condition, Property Management may enter into a service contract with a local municipality or private contractor for performance of the necessary work. Refer to the Service Contracts Manual for additional information on service contracts.

#### Interior Areas

Any property condition that may affect health and safety of occupants should be investigated as soon as possible. If a tenant notifies Right of Way (R/W) of an adverse condition affecting health and safety, R/W will inspect the property no later than the next business day. Certain situations, such as those involving hazardous materials, structural problems, mold, etc., will require hiring a professional with expertise to inspect and report on the nature and extent of the problem, and provide recommendations to remedy the situation.

If a tenant notifies R/W of a health and safety issue, the district should send the tenant a letter confirming the outcome of the agent's and, if applicable, the professional's inspection and how the problem, if any, will be resolved. If the inspection did not reveal a problem, the district should still send a written response to the tenant confirming the outcome of the inspection. All such investigations, resolutions, if any, and communications with the tenant must be documented in the property file.

#### **11.10.05.00**      **Exterior and Interior Appearance of Improved Properties**

Agents must thoroughly inspect all vacant or occupied properties to ensure the properties are being maintained properly to preserve the neighborhood's appearance. In particular, Agents shall observe conditions outlined in the table below entitled "Inspection of Improved Properties." Whenever adverse conditions are found, the Agent shall investigate and take appropriate corrective action.

INSPECTION OF IMPROVED PROPERTIES	
Occupancy	Areas of Concern
Tenant-Occupied Property Exterior	<ul style="list-style-type: none"><li>• Yard areas should be properly watered, mowed, and weeded and should generally reflect a clean and orderly condition.</li><li>• There should be no broken windowpanes or boarded-up windows.</li><li>• Painted surfaces shall not be peeling or greatly discolored, and the stucco, wood, or concrete block should not be deteriorating.</li><li>• The roof should not be segregating, sagging, or leaking.</li><li>• There should be no structural deficiencies such as broken stairs, ceilings, garage doors, or fences.</li><li>• Swimming pools should be properly maintained.</li><li>• Window and door screens should look presentable.</li><li>• TV antennas should be erect and securely fastened.</li></ul>

<b>INSPECTION OF IMPROVED PROPERTIES (Continued)</b>	
<b>Occupancy</b>	<b>Areas of Concern</b>
Tenant-Occupied Property Interior	<ul style="list-style-type: none"> <li>• All interior areas shall be maintained in a clean and orderly fashion so that full compliance with health and safety codes is evident.</li> <li>• There should be no broken electrical or plumbing fixtures or damaged appliances.</li> <li>• Interior areas should not show signs of water damage, water leaks, excessive moisture or mildew or other similar problems.</li> <li>• There should be no indications of rodents, pests or other similar problems.</li> <li>• The walls and ceilings should not be damaged and the paint, wallpaper, or paneling should not be noticeably deteriorating.</li> <li>• Floors, floor coverings, doors, cabinets, custom drapes, venetian blinds, heaters, and air conditioners should not be damaged or allowed to noticeably deteriorate.</li> </ul>
Unoccupied Property That Will Be Re-Rented	All the physical conditions outlined above under "Tenant-Occupied Property - Exterior" and "Tenant-Occupied Property - Interior."
Unoccupied Property That Will Not Be Re-Rented	<p>All the physical conditions outlined above under "Tenant-Occupied Property - Exterior" that are pertinent to preserving neighborhood appearance and values.</p> <p>The Agent should continue to inspect and supervise maintenance of the property until the Clearance and Demolition Unit assumes responsibility for clearance of improvements. Following clearance, Property Management is still responsible for inspection and maintenance of the unimproved property until it is turned over to Construction or sold as excess.</p> <p>If there is a known vandalism problem in the neighborhood, it may be advisable to board up the improvements if such action does not demote the general neighborhood appearance, does not create unfavorable public opinion, and has proven to deter vandalism.</p>

#### **11.10.06.00      Field Inspections**

Since nearly all state-owned property purchased for future highway use or related purposes is acquired considerably in advance of scheduled clearance requirements, sound management practices dictate that the state perform some replacement, rehabilitation, and maintenance to meet acceptable neighborhood standards. Consequently, field inspections by state personnel provide the method to achieve and maintain a desirable community relationship. All Property Management Agents shall be responsible for periodically inspecting and documenting every rental account under their control.

DOCUMENTING INSPECTIONS		
Type of Property	Form	Explanation
Residential	RW 11-15, Residential Property Inspection	A checklist for interior and exterior inspections that is used for viewing the property and recording observations about its condition. All blanks are to be filled in and comments are to be made when deficiencies are noted. Tenants' comments and concerns are to be solicited and noted on the back of the form. Copies of the inspection forms are to be signed by the supervisor and maintained in the file. A log shall be kept of the inspections noting all deficiencies and shall be used to document correction of deficiencies of residential properties.
Nonresidential	RW 11-16, Non-Residential Property Inspection	Used to document inspections of rental properties on a periodic basis as part of the state's maintenance control program and to record pertinent observations about the exterior and interior appearances of the properties. In addition to observations, the Agent shall record the rental account number, address of the property inspected, date of inspection, possible recommended maintenance, and date work completed. These check sheets shall be filed in a master binder, one for each Agent, numerically by rental account number. Each master binder shall be filed in the district's Property Management office so it will be readily available for the Property Manager or other interested parties to review.
<p>Note: If a tenant notifies R/W of a health and safety issue, the district should send the tenant a letter confirming the outcome of the inspection and how the problem, if any, will be resolved. If the inspection did not reveal a problem, the district should still send a written response to the tenant confirming the outcome of the inspection. All such investigations, resolution, if any, and communications with the tenant must be documented in the property file.</p>		

Required frequency of field inspections is indicated below.

- **Agent** - Field inspections of all properties shall be made at least annually to ensure the properties are maintained as well as or better than other properties in the neighborhood.
- **Property Manager** - Field inspections or reviews by the Property Manager or authorized representative shall be performed at least annually to ensure the rental properties are maintained as well as or better than other properties in the neighborhood. The Property Manager shall document inspections with any necessary comments on the inspection form.

#### **11.10.07.00**      **Rodent and Pest Control**

Property maintenance inspections shall include a determination on whether rodent and pest control is necessary and shall be documented on:

- RW 11-15, Residential Property Inspection.
- RW 11-8, Residential Property Occupancy and Vacancy Inspections.
- RW 11-16, Non-Residential Property Inspection.

Local health authorities or other qualified persons may make the inspections. Rodent and pest control measures shall be documented in the file.

If it is determined that extermination services are needed, assistance may be obtained from local health authorities or from licensed exterminators.

Contracts for exterminator services are subject to approval by Headquarters Maintenance to assure that no unauthorized chemicals are used on state property. (See Service Contracts Manual for further details.)

Property Management will prepare a Receiving Record when bills/invoices are received from the contractor and forward to Accounting for payment.

#### **11.10.08.00**      **Smoke Detection Devices**

Property Management is responsible for having approved smoke detectors installed in every occupied residential unit in accordance with Health and Safety Code, Section 13113.7 and Section 13113.8.

##### **11.10.08.01**      **Installation and Type of Detector**

All smoke detectors:

- Will be of the ionization type. According to the Fire Marshal's Office, the photoelectric type requires more maintenance.
- Will be hard-wired (110-120 volts AC).
- Must be of a type approved and listed by the State Fire Marshal. A monthly updated list is available at all State Fire Marshal offices.
- Must be installed in accordance with manufacturer's instructions, State Fire Marshal regulations, and applicable local codes and ordinances.
- Must be installed by a properly licensed person or company. The installer must obtain the required permits and have the work inspected by the proper local authority.
- Will be inspected by the Agent or a qualified contractor at least annually to ensure proper operation. Any needed repairs or maintenance shall be performed by a qualified person.

To ensure access to the rental unit, written notice will be given to the tenant at least 24 hours prior to installation and inspection.

All present rental agreements will contain or be amended to contain the Smoke Detection Clause when installation is completed.



#### **11.10.08.02**      **Battery-Operated Smoke Devices**

A battery-operated smoke detector may be substituted for a hard-wired detector where:

- A rental unit has six months or less left before it is permanently vacated, or
- The rental unit is located in a remote area, especially if the source of electric power is a generator or is subject to frequent outages.

All batteries must be changed annually at the time of the annual field inspection. The Agent should note the date the battery was changed on the Residential Property Inspection Form, RW 11-15. The above exceptions must be permitted by code or law and, when possible, the installation must be done by a properly licensed person or company that obtained the required permits and had the work inspected by the proper local authority.

#### **11.10.09.00**      **Rehabilitation of Residential Property**

The Department's policy is to upgrade and maintain housing at standards that meet the most recent edition of the Uniform Housing Code of the International Conference of Building Officials. Rehabilitation standards shall include safety and energy saving devices such as smoke detectors, ceiling insulation, and weather stripping. This rehabilitation policy shall apply to residential rental property on routes where construction is not imminent.

##### **11.10.09.01**      **Inspections**

The first step in the rehabilitation process is a code inspection to determine whether housing units are in compliance with the Uniform Housing Code. Inspections may be performed by qualified district personnel or under contract with local building inspectors. Each inspection will be documented in writing with a clear description of the property's condition and recommendations for work required to bring the property up to code.

Qualified district personnel or local building inspectors should also be used to monitor the contractor's work while it is being done and upon completion.

##### **11.10.09.02**      **Specifications and Estimates**

Qualified district personnel or licensed contractors shall prepare a description of work with specifications and cost estimates. Certain restrictions may prohibit a contractor who is hired as a consultant from bidding on a subsequent contract that he/she recommended, suggested, required, etc., in the consulting contract. When requesting a consulting service contract, inform DPAC of any follow-up contract that will be based on the recommendations or other end product of the consulting contract. (Note that general information gathering on commonly accepted industry practices is allowed. See Section 11.10.11.00.)

##### **11.10.09.03**      **Public Works Contracts**

Depending on scope of work, a project may require a public works contract. A public works contract is "an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind." The type of work it covers is explained in Chapter 9 of the Caltrans Service Contracts Manual. As defined in Section 9.1.1 of the Service Contracts Manual, whole roof replacements, initial (first time) painting, replacement of heating/air conditioning systems, parking lot resurfacing, sidewalk repair, etc., are covered by public works contracts. Contact an analyst in the Division of Procurement and Contracts (DPAC) for more information if you are not sure what type of contract would be appropriate for your project. (Also, see Section 11.10.11.00 for a description of service contracts.)

Prior to requesting a public works contract, Property Management shall prepare a package for approval by the DDC. The package should include the following information:

- Description of work.
- Plans and specifications.
- Written estimate of cost.
- Economic justification. At a minimum, the economic justification should contain estimates of the property's value in its present condition and its value after rehabilitation.
- Reasons why the work is necessary.
- Verification that funds are available.
- Status of the project for which the property was acquired, e.g., being held for construction or being considered for rescission with dates.

#### **11.10.09.04**      **Public Works Contracts Under State Contract Act**

Public Works projects that exceed a certain total cost as determined by the Department of Finance are subject to the State Contract Act (Public Contract Code 10100, et seq.) and will be handled as major contracts. The Department of Finance adjusts this cost limit every two years. Contact DPAC to find out whether your project will fall under the State Contract Act. Requests for contracts subject to the State Contract Act should be submitted to DPAC, who will determine if they or another office should process the request. Occasionally, Department of General Services might be involved, but DPAC will determine when this is necessary.

The package described in Section 11.10.09.03 and specifically the plans, specifications, and written estimate of cost must be approved by the DD or authorized delegate prior to requesting a contract that is covered under the State Contract Act.

#### **11.10.09.05**      **Occupied Housing**

Rehabilitation of occupied housing should be done only under the following circumstances:

- For minor interior work.
- With the tenant's prior consent.
- After an asbestos survey indicates there are no health and safety concerns due to the presence of asbestos.
- There are no other health and safety concerns that may arise while the rehabilitation work is being done.

If health and safety factors are involved or if extensive interior rehabilitation is needed, temporary or permanent relocation of tenants to other accommodations, preferably to other state rental property, should be considered. Government Code Section 7265.3 permits the Department to provide specified types of relocation assistance to persons who move as a result of rehabilitation of a dwelling. Property Management should contact the District RAP Unit for assistance.

#### **11.10.10.00**      **Rehabilitation and Maintenance on Historic Structures**

Public Resources Code Section 5024 requires all state agencies to inventory all agency-owned structures over 50 years old to identify and protect those that are historic. Property Management is responsible to ensure that all structures subject to provisions of Section 5024 are adequately and appropriately maintained.

All maintenance and rehabilitation work on Department-owned historic structures shall be performed in a manner to protect and preserve the characteristics that qualified the structures for listing. Plans and specifications for maintenance and rehabilitation activities shall be submitted to the District Environmental Branch for processing to the State Historic Preservation Officer (SHPO) for review and approval prior to undertaking any such work. The District Environmental Branch shall submit these plans and specifications to the Chief, Architectural and Historic Studies Section, Headquarters Environmental Analysis, for processing to SHPO.

#### **11.10.11.00      Maintenance Performed by Service Contract**

It is important to distinguish between work that can be done under a service contract and work that requires a public works contract (Section 11.10.09.03). Legal has determined that minor on-call repair and maintenance services (required on an as-needed basis to provide a practical means of maintaining state-owned rental housing or state facilities in a safe and habitable condition) are not defined as public works, and may be obtained using service contracts. Such services include electrical, plumbing, minor carpentry to replace broken stairs or windows, repainting, heating and air conditioning repairs, roof repair, etc. The specific repairs do not lend themselves to the preparation of plans and specifications, nor is it known at the time the contract is advertised and awarded when the services will be performed. Contact an analyst in the Division of Procurement and Contracts (DPAC) for more information if you are not sure what type of contract would be appropriate for your needs.

DPAC prepares and processes all service contracts upon receipt of a completed Service Contract Request (Form ADM-0360) from R/W. Except for emergency work, all maintenance contracts are subject to competitive bidding. Since considerable time is required to prepare, advertise and award the contract, it is recommended that the completed ADM-0360 be sent well in advance of the date the services will be needed. Contact DPAC for more information on the length of time required to process a service contract.

General information gathering from companies regarding common industry practices, rate structures, general costs, billing methods, etc., in order to create a scope of work is acceptable. However, care should be given to not put words in a company representative's mouth, and then turn around and use these in the preparation of a scope of work, or to give a representative privileged information (and not make it available to all potential bidders) which could then be used by that company when it tenders a bid on the contract. It is neither legal nor ethical to tailor a scope of work or contract to a specific party. Any contact with a company representative requesting information on cost estimates, billing methods, etc., offers the possibility that the company or other bidder may at some point in the future protest a decision not in their favor.

It is recommended that if a company representative is contacted for the purpose of learning what the commonly accepted standards or practices in that industry are, the representative is advised that 1) the Department is soliciting publicly available (i.e., not proprietary) information to prepare a statement of work on a potential contract, and 2) the representative, by providing such information, will not preclude the company from bidding on future contracts. It is also recommended that more than one company be contacted for this information. (Note that certain restrictions may apply if a contractor is hired under a consulting service contract. See Section 11.10.09.02.)

Property maintenance contractors can be obtained using the types of contracts and methods described below.

### **11.10.11.01      Inspections**

#### **Type of Inspections:**

Small: An agent shall inspect all maintenance issues before, during, and after the work has been completed and document all findings in the rental file. Meeting with the contractor prior to the start of any work is highly recommended. This will allow the agent to ask any questions and communicate Department policy. Payment to the contractor cannot be made until the work has been inspected and completed satisfactorily.

Medium: An agent shall inspect all maintenance issues before, during, and after the work has been completed and document all findings in the rental file. Meeting with the contractor prior to the start of any work is highly recommended. This will allow the agent to ask any questions and communicate Department policy. Payment to the contractor cannot be made until the work has been inspected and completed satisfactorily.

Inspections for work requested and work in progress or completed should be accomplished in accordance with the guidelines in the following table entitled "Inspection Guidelines for Service Contracts." When work is completed by the contractor, an Agent, other than the person ordering the work, should inspect the work according to the table.

<b>INSPECTION GUIDELINES FOR SERVICE CONTRACTS</b>			
(These guidelines also apply to services obtained with CAL-Card, the Non-Credit Card Process, or other methods discussed elsewhere in this section. However, rental offsets will require on-site inspection of all jobs regardless of size.)			
<b>Size of Job</b>	<b>Estimated Cost</b>	<b>Examples</b>	<b>Type of Inspection</b>
Small repairs	Less than \$500	<ul style="list-style-type: none"><li>– Change a faucet</li><li>– Mow a lawn</li><li>– Fix a window</li></ul>	Confirmation with tenant by phone that the job has been completed adequately. Managers should order random inspections to assure small repairs are done satisfactorily. However, any repair to remedy a health and safety issue must be inspected by an Agent regardless of cost.
Medium repairs	Less than \$1,000	<ul style="list-style-type: none"><li>– Paint partially</li><li>– Install flooring</li><li>– Repair cabinet</li><li>– Repair roof</li></ul>	An Agent shall inspect the work before and after the job is done.
Large repairs	Over \$1,000	<ul style="list-style-type: none"><li>– Repaint entire interior or exterior of house</li><li>– Install new flooring and carpeting</li><li>– Repair roof</li></ul>	An Agent other than the Agent assigned shall inspect work before, during, and after the job is done. It may not be possible to detect bad workmanship after the job has been completed when much of the work is no longer visible. Where certain stages of work require inspection before the next stage commences, the contract must state this condition of approval and payment upon full inspection. Payment to the contractor cannot be made until the work has been inspected and completed satisfactorily.

#### **11.10.11.02      Requesting Work**

If maintenance work is required, the Agent shall enter a full description of the job, including cost estimate, on the RWPS Maintenance Request Screen and submit it to the Property Manager or authorized person for approval.

Upon approval of the request, the Agent shall file a hard copy of the Maintenance Request Screen in the rental folder.

#### **11.10.11.03      Multi-provider and Single Provider Service Contracts**

Contracts can be written for on-call services over the period of the contract or for a single, specific job. An on-call service contract can have multi-providers or a single provider. A contract for a single, specific job will only have a single provider. Individual task orders or work authorizations under a multi-provider, on-call contract cannot exceed \$4,999.99. If work will exceed that amount, a separate contract must be advertised. However, there is no limit to an individual task order or work authorization for single provider contracts. When a contractor's bill is received on a multi-provider or single provider contract, the Agent shall update the Maintenance Request Screen itemizing the work done and indicating the appropriate charges. Where services are provided on an hourly rate basis, the contractor shall submit a copy of the Contractor's Time Reporting Sheet (RW 11-23) with the employee's information, classification, and hours reported. This form will be attached to the final invoice to process payment. Two copies of the Maintenance Request Screen must be submitted to Accounting for payment in accordance with Section 11.10.11.06.

#### **11.10.11.04      CAL-Card Small Purchase Program**

Through the DGS CAL-Card Small Purchase Program, Department authorizes cardholders to make approved small purchases of goods and services with VISA bankcards. The normal card limits are \$5,000 per transaction and \$50,000 per month, although higher limits may be approved for a cardholder on a case-by-case basis. However, cardholders must comply with all existing procurement and contract statutes, laws, rules, accounting guidelines, regulations, policies, and procedures. See the Department CAL-Card Handbook for limitations and detailed instructions, available on the DPAC Intranet. Information on general liability insurance requirements, Worker's Compensation, and verification of Trades Contractor License is also explained in the CAL-Card Handbook.

Property Management uses the CAL-Card primarily for procurement of services, and such usage must be in compliance with the Public Contract Code. Therefore, the CAL-Card limits for services are \$4,999.99 per transaction and \$24,999.99 per year cumulatively for the same type of service with the same vendor. Although bids are not required, it is recommended that more than one contractor (preferably three) be contacted in order to find the best value.

When using the CAL-Card for property maintenance, it is very important to distinguish between procurement of merchandise and procurement of services, particularly if the procurement is a combination of parts and labor. If labor exceeds 50% of the total cost, the procurement is considered a service. If, on the other hand, parts are 50% or more of the total cost, the procurement is considered merchandise.

Prior to procuring maintenance services using CAL-Card, the Agent shall complete an Original Purchase Request (ADM 1415) and submit it for budgetary control and approval to the Senior in charge of R/W Property Management. The completed Purchase Request is submitted to the CAL-Card cardholder so charges can be made and services obtained. The cardholder retains a copy of the Purchase Request, credit card receipt, and any other backup documentation for verification and post audit by Department or DGS. To process payment under CAL-Card, a complete package must be received in Accounting by the 8th of each month. The package consists of:

- Original Purchase Request Form (ADM 1415)
- Original Charge Slip and/or Sales Invoice
- Original VISA dispute form entitled "Cardholder Statement of Questioned Item," Form CSQI-RO494, if necessary.
- Original Cardholder Statement of Account (SOA) signed on the back by the Cardholder and approving official.
- Original STD. 204, Payee Data Record (unless already on file)
- Drug-free Workplace Certification, STD. 21 form (unless already on file)
- Two copies of the Maintenance Request Screen. (Accounting will return one copy with schedule information.)

#### **11.10.11.05**      **Non-Credit Card Process**

The non-credit card process applies to those maintenance services acquired up to a maximum of \$4,999.99 for a single transaction and \$24,999.99 per year cumulatively for the same type of service with the same vendor, where the CAL-Card is not accepted or where employees do not have access to a credit card. This method is also explained in the CAL-Card Handbook. The Handbook also explains general liability insurance and Worker's Compensation requirements, and verification of Trades Contractor License. Although bids are not required, it is recommended that more than one contractor (preferably three) be contacted in order to find the best value.

The following package must be submitted to Accounting to pay the contractor's invoice:

- Original completed Purchase Request (ADM 1415)
- Original Invoice
- Original Receiving Record (FA-1226A) or two copies of the Maintenance Request Screen
- Original STD. 204, Payee Data Record (unless already on file)
- Drug-free Workplace Certification, STD. 21 form (unless already on file)

#### **11.10.11.06**      **Submitting for Payment**

Maintenance Requests, Contracts, Cash Expenditure Vouchers, Draft Purchase Orders, Statements of Account, Purchase Requests, and other coded documents must be properly coded (Object 7058) so Accounting can accurately charge the property maintenance expenditures to the appropriate project EA. Upon completion of any of these documents, Property Management will sign, date, and forward the document to Accounting for processing.

On rare occasions, the Division of Maintenance will perform work on a rental account and will complete the appropriate document, in which case Maintenance shall contact Property Management for proper coding information. Maintenance shall forward the document to Property Management for review to ensure proper coding.

To keep track of Maintenance Requests and other documents sent to Accounting for processing, an Agent or inspector shall enter the maintenance data into RWPS in a timely manner and file a copy of the document in a separate file or binder. If for any reason Accounting fails to return a copy of the Maintenance Request or other document to Property Management within two weeks, the Property Manager must follow up with Accounting to determine the cause of the delay.

After Accounting processes the Maintenance Request or other coded document, the reviewer shall use a copy of the Maintenance Request, TRAMS Multipurpose Posting Tag, or other document showing the coding information to ensure the coding provided to Accounting was not changed during processing. The Accounting information should be entered on the Maintenance Request Screen and then filed.

Government Code Section 927-927.12 is known as the Prompt Payment Act (Act). The intent of the Act is to have state agencies pay properly submitted, undisputed invoices within 45 days of receipt, or automatically calculate and pay the appropriate late payment penalties as specified in the Act. To avoid late payment penalties, the state agency has 30 calendar days to submit a correct claim schedule to the Controller, and not more than 15 calendar days for the Controller to issue the warrant. If the state agency does not submit the claim schedule to the Controller within 30 days, the state agency will be responsible for the late payment penalties. If the state agency submits the claim schedule to the Controller within 30 days and the Controller does not issue a warrant within 15 days, the Controller is responsible for the late payment penalties.

#### **11.10.11.07**      **Summary of Various Contract Processes**

A brief summary of the various contract processes discussed above is included in Exhibit 11-EX-10, Summary of Contract Processes.

#### **11.10.12.00**      **Draft Purchase Order (DPO)**

Draft Purchase Orders (Form DAS OBM-1024) may be used for minor purchases of supplies and materials needed for maintenance of state-owned properties. Generally, the state's tenant or state personnel will use or install the items purchased.

A DPO may be used subject to the following limitations:

- To pay for goods or services not to exceed \$200 (including tax and freight). This limit can be increased to \$500 under special circumstances. Consult with Accounting for details.
- Transaction must be "face-to-face" (do not mail).

A DPO shall **NOT** be used when any of the following conditions apply:

- In other than "face-to-face" transactions.
- To purchase items available in either Department warehouses or DGS warehouses.
- To purchase items covered by existing contracts.
- To purchase items costing less than \$5, except in rare emergency situations.
- To pay for future services, such as advance rent.
- To circumvent proper service contract procedures, such as splitting purchases of service.
- To pay for items in violation of current departmental directives, such as eye examinations when safety glasses are required.

Maintenance personnel may use a DPO, subject to the above limitations, to purchase materials needed to repair employee housing. The Maintenance Superintendent for each territory should have access to the draft forms. Upon completion of repairs, Maintenance will contact Property Management for proper coding information and send the DPO to Property Management to review coding. Property Management will place a copy of the DPO in the proper account file and forward the document to Accounting for processing.

To track DPOs sent to Accounting for processing, the Property Manager shall maintain either a log of such documents in process or a copy of the document in a separate file or binder. If Accounting fails to return the DPO or other document to Property Management within two weeks, the Property Manager must follow up with Accounting to determine the cause of the delay.

#### **11.10.13.00**      **Cash Expenditure Voucher (CEV)**

The CEV, Form FA-0202, may be used for “after-the-fact” reimbursement for purchase of supplies or materials needed to maintain state-owned properties. Property Management personnel should use the CEV when they are in the field and discover a maintenance problem that requires immediate attention.

Material needed for repairs can be purchased with employees’ own funds (up to a limit of \$50 including tax) for which they will be reimbursed by check by presenting a CEV to Accounting. The CEV should be filled out in triplicate and given to Accounting along with applicable receipts.

The CEV may also be used to expedite repairs for employee housing by requesting Maintenance employees to purchase the materials necessary for repairs with their own funds and to submit a CEV to Property Management for processing through Accounting.

#### **11.10.14.00**      **Emergency Repairs**

When the Agent determines that an emergency condition exists, the pre-inspection may be dispensed with in the interest of expediting emergency repairs. The Agent shall take whatever steps necessary to have the corrective work performed as soon as possible.

It is the agent’s responsibility to determine if the extent of a maintenance deficiency classifies as an emergency situation. This will be accomplished by physically inspecting the property and evaluating the conditions for health and safety concerns. When the agent determines that an emergency condition exists, corrective measures will be scheduled within 24 hours.

If the emergency condition is an immediate threat to the health or safety of any tenant, the Region/District may move the tenant to alternative housing. Alternate housing includes other Department owned housing or commercial lodging. If commercial lodging is used, the tenant must submit receipts for reimbursement. The maximum amount of reimbursement to the tenant will be restricted to the State per diem guidelines for lodging. If Department owned housing is used as a temporary residence for any tenant, under no circumstances will the tenant be allowed to remain in the replacement residence without going through the qualification process.



#### **11.10.15.00**      **Rental Offsets**

Occasionally, rental offsets may be appropriate for certain repairs or maintenance. However, such offsets should only be used as an exception and not routinely. There are other alternatives to using a rental offset that are discussed elsewhere in this section (e.g., service contracts, CAL-Card, non-credit card process, etc.) and those should be considered first. Work done by rental offset should not be in conflict with existing maintenance contracts.

Rental offsets should be limited to minor repairs and maintenance, or emergency repairs for health and safety reasons. Examples of situations where offsets are not appropriate include remodeling a kitchen/bathroom, re-roofing, installing new flooring and carpeting, painting the entire house, and other major repairs or rehabilitation. Also inappropriate for rental offsets would be any work that may involve contact with hazardous materials.

The Department does not pay the tenant for their labor or for purchase of tools. The tenant will only be reimbursed for materials.

Generally, a tenant cannot hire a contractor to do the work and receive an offset. This violates our contracting policy. However, on occasion, a tenant may need to hire a licensed contractor for emergency repair. Any contractor performing a job in which the total cost of the project, including labor and materials, is \$500 or more, must be licensed by the Contractors State License Board in the specialty for which he or she is contracting. Even if work is less than \$500, a licensed contractor should be used for any electrical, gas, plumbing, or other work that must be done according to code.

Rental offsets of \$1,000 or less may be approved by the Property Manager (Senior). Rental offsets more than \$1,000 must be approved by the Property Management Supervising R/W Agent or above. The reason for using a rental offset must be documented in the file. Rental offsets are subtracted from the region/district's 058 Account for property maintenance, so sufficient funding should be available before using a rental offset.

The general procedures below apply when a rental offset is used to provide maintenance for new or existing residential tenants.

When a need for minor maintenance work is indicated, the Agent shall inspect the property and complete a cost estimate. The Agent will determine the amount of the rental offset based on prevailing prices in the area and local rental management practices. The Agent shall prepare the appropriate document as follows:

- **New Tenants** - Insert completed clause into rental agreement and obtain prospective tenant's signature(s).
- **Existing Tenants** - Prepare letter of understanding and obtain tenant's signature(s).

The Agent shall submit the signed document, along with the maintenance cost estimate and the reason a rental offset is being used, to the person authorized to approve such expenditures. Before any work commences, the Property Manager (Senior) or Supervising R/W Agent shall approve the amount of the allowance. Upon approval, the Agent shall file the document in the rental folder, log the proposed work, and inform the tenant to proceed with the work.

When the tenant has completed the work, a Property Management Agent, other than the person authorized to amend the rental agreement, shall inspect the property to verify and document satisfactory completion before the tenant's account is finally credited with the amount of the rental offset. Inspection standards for maintenance work accomplished through the contract process shall also apply to work performed with offsets, except that all offset work must be inspected by the Department, no matter how small.

After inspection and acceptance of the work, the Agent shall procure from the tenant, when applicable, all pertinent and properly receipted itemized statements obtained from vendors. The Agent shall complete an RWPS Adjustment Request Screen, which results in a credit to the tenant's account and posts the amount against the 058 Property Maintenance Account. Total amount spent on offsets is shown on the RWPS Contract Screen for contract number "Offsets."

An offset shall be credited only to a tenant in occupancy of the property on which the maintenance work is performed. In other words, tenant "A" living in property "A" **cannot** receive an offset for work performed on property "B."

#### **11.10.15.01**      **New Residential Tenants**

Where property has become run-down and certain minor repairs are required to secure a new tenant, it may be appropriate to grant a rental offset by inserting a clause in the rental agreement for materials necessary to accomplish specified work.

The clause inserted in the initial rental agreement shall be written as follows:

*It is understood and agreed that in consideration of a rental offset of an amount not to exceed \$\_\_\_\_\_, Tenant agrees to: (Describe Work To Be Done).*

*Tenant shall secure paid itemized bills covering materials used for the authorized work and forward them to the Department of Transportation at \_\_\_\_\_. Credit will only be allowed for the actual amount of the paid bills not to exceed the amount above. Tenant will be paid for materials only and will not be paid for his/her labor or for the purchase of tools. Tenant may not hire a third party contractor to perform the authorized work unless prior written permission from the Department is obtained.*

*It is further agreed that said work will be completed and paid bills received by the Department of Transportation prior to \_\_\_\_\_, and that the rental credit will only be granted after inspection, by the State, of the completed work.*

#### **11.10.15.02**      **Existing Residential Tenants**

In some instances, sound management practices dictate granting a rental offset to the tenant to achieve a degree of efficiency and economy, as well as to expedite performance of certain emergency repairs and repairs of a minor nature. The tenant and the state shall sign a letter of understanding before the tenant performs any repair work. The letter of understanding should specify that the tenant will be paid for materials only (based on paid itemized bills) and will not be paid for his/her labor or the purchase of tools. The letter shall also state that the tenant may not hire a third party contractor to perform the authorized work unless prior written permission from the Department is obtained.

## **11.11.00.00 - INSURANCE REQUIREMENTS FOR TENANTS**

### **11.11.01.00**      **Policy**

Tenants and lessees shall be required to obtain personal injury liability insurance in most leases and rental agreements where extraordinary liability features are present. Insurance shall be in the amount of \$1,000,000 per occurrence for Bodily Injury and Property Damage Liability combined. Personal liability coverage for single-family residential properties with swimming pools may be limited to combined coverage of \$500,000. These amounts may be increased for high-risk uses.

### **11.11.02.00**      **When Insurance Is Required**

Refer to the table entitled “Guidelines for Personal Injury, Liability, and Property Damage Insurance” to determine the need for insurance.

Although not required by the guidelines, insurance should also be required for specific situations with high-risk uses. For example:

- Large agricultural operations involving heavy equipment.
- Multi-residential properties with swimming pools.
- Properties fronting on rivers or lakes.

In such cases, the district determines the necessity for insurance. Insurance is generally required when the property is used for purposes that involve employees, visitors, or customers who could be subject to accidents and injuries.

### **11.11.03.00**      **Family Day Care Facilities**

Use of a state-owned residential unit as a family day care home, as opposed to a school, does not fall under the commercial/business lease category requiring high insurance coverage.

Health and Safety Code Section 1597.531, however, does set minimum levels of mandatory liability insurance or bond coverage for family day care homes. In lieu of liability insurance or bond, a day care provider may maintain a file of signed affidavits informing parents the day care home does not carry the liability insurance or bond.

In addition, if the provider does not own the premises, the affidavits shall state that parents have been informed the property owner’s liability insurance, if any, may not provide coverage for losses arising out of, or in connection with, the day care operation. In these instances, the district should request the tenant to provide copies of the affidavits.

# GUIDELINES FOR PERSONAL INJURY, LIABILITY, AND PROPERTY DAMAGE INSURANCE

<i>Type of Use</i>	<i>Required</i>	
	<i>Yes</i>	<i>No</i>
<b>PUBLIC AGENCIES:</b>		
Self-insured		X*
Not Self-insured	X	
<b>PUBLIC UTILITIES:</b>		
Self-insured		X*
Not Self-insured	X	
<b>RESIDENTIAL:</b>		
SFR		X
SFR with Pool	X	
Multi-residential		X
Multi-residential with Pool	X	
Master Tenancy Residential Apartments and Mobile Home Park	X	
<b>COMMERCIAL/INDUSTRIAL:</b>		
Large Corporations with Self-insurance (Ralston Purina, etc.)		X*
Parking - Private (For Lessee employees)	X	
Parking-Public	X	
Sales (Retail, Wholesale)	X	
Restaurants, Bars	X	
Offices-All Types	X	
Warehouses/Storage-Inside	X	
Storage-Outside - Equipment, RVs, Boats, etc.	X	
Service Stations	X	
Manufacturing	X	
Oil and Gas Subsurface Rights		X
Oil Well with Surface Rights	X	

<i>Type of Use</i>	<i>Required</i>	
	<i>Yes</i>	<i>No</i>
<b>COMMERCIAL/INDUSTRIAL:</b> (Continued)		
Drainage Ponds	X	
Access Rights for Cafes, etc.		X
Motels-Master Tenancy	X	
Services (Barbershops, Beauty Parlors, Cleaners, etc.)	X	
Repairs-Auto, Appliances, etc.	X	
<b>AGRICULTURAL:</b>		
Grazing-Cows, Horses, Sheep, Llamas, Goats		X
Crops-Row Crops, Orchards, Vineyards, Dry Farming		X
Sales-Fruits, Vegetables, -Christmas Trees, etc.	X	
Community Gardens		X
<b>SIGNBOARDS:</b>		
On Premise		X
Off Premise		X
<b>OTHER:</b>		
Recreational (Golf Driving Range, Tennis Clubs, Skateboard Parks, Bike Paths)	X	
Road Approach		X
Landscaping		X
Parks	X	
Park and Ride Lots	X	
Porter Bill Parks	X	
Churches	X	

\* with self-insurance clause in lease.

#### **11.11.04.00**      **How the State Is Protected**

When the district determines that public liability insurance protection is required for the state's benefit, the liability and property damage insurance clause (11-EX-B, Lease Agreement, Clause 23) shall be inserted in the rental agreement or lease making it mandatory for the tenant or lessee to provide the state with the specified amounts of public liability insurance and naming the state as an added insured. When the rental or lease agreement is signed, the district shall give the tenant RW 11-18, Certificate of Insurance With Endorsement for Lease of State-Owned Property, for documentation of required insurance coverage. The tenant or lessee's insurance carrier shall complete this form and return it to the state as soon as possible. It need not be returned prior to or accompany the signed rental agreement or lease, but the insurance policy **shall be in force before occupancy**.

The Certificate of Insurance form from the tenant or lessee's insurance carrier is kept in the rental file with the rental agreement or lease.

#### **11.11.05.00**      **Fire Insurance on State-Owned Properties**

Although the Department does not normally secure fire insurance on properties acquired for future freeway use, fire insurance may be appropriate for high value, high-risk properties purchased far in advance of highway construction. Examples of high-risk properties include bars, motels, hotels, and restaurants. The amount of fire insurance placed on a property should take into account the value of the improvements only and should not be based on the appraised value of the entire property.

In addition, Government Code Section 11007.1 permits the Department to authorize insurance against damage or destruction by fire when it has acquired title to the realty and leases the property to the former owner. The Government Code, which is quoted in part below, requires the former owner to request this coverage, to lease back the property for more than a six-month period, and to pay the premiums.

***“The Department of Transportation, when it has acquired title to any real property for highway purposes and leases such property for commercial or business uses to the former owner for a term exceeding six months, may secure insurance against the risk of damage or destruction by fire . . .”***

The loss payee of the fire insurance policy shall be the State of California. The lessee shall be responsible for furnishing the state with a certified copy of each and every policy within not more than ten days after the effective date of the policy. Exhibit 11-EX-12, Liability, Property Damage and Fire Insurance, shows approved clauses requiring the lessee to provide the state with fire insurance on the property.

**11.11.06.00**      **Self-Insurance by Tenant or Lessee**

Some large corporations and public entities regularly self-insure. If the lessee decides to provide the required insurance by self-insuring, the Property Manager should request documentation from the lessee showing that the lessee regularly self-insures and has adequate assets. In addition, the clause below must be included in the lease in place of the standard liability insurance clause in 11-EX-B (Liability, Property Damage and Fire Insurance, Clause 23) and 11-EX-C (Agricultural Lease Agreement, Clause 22).

**LIABILITY AND PROPERTY DAMAGE INSURANCE:**

Lessee will self-insure during the entire term of the within tenancy and will defend, indemnify and hold harmless the Lessor, its officers, agents, and employees from all claims, suits or actions of every name, kind and description, brought forth, or on account of, injuries to or death of any person or damage to property, including any claims, suits or actions for damage to vehicles on the property which is the subject of this lease, occurring in, or about, said property.

With respect to third-party claims against the Lessee, the Lessee waives any and all rights to any type of expressed or implied indemnity against the Lessor, its officers or employees.

It is the intent of the parties that the Lessee will defend, indemnify and hold harmless the Lessor, its officers and employees from any and all claims, suits or actions as set forth above regardless of the existence or degree of fault or negligence on the part of the Lessor, the Lessee, the officers or employees of either of these, other than its officers and employees.

Nothing in this lease is intended to make the public or any member thereof a third-party beneficiary hereunder, nor is any term or condition or other provision of the lease intended to establish a standard of care owed to the public or any member thereof.

**11.11.07.00**      **Certificate of Insurance**

The State's Standard Certificate of Insurance, RW 11-18, Certificate of Insurance with Endorsement for Lease of State-Owned Property, may be used in lieu of a certified copy of the original policy; no other form of Certificate of Insurance is acceptable.

**11.11.08.00**      **Fire and Explosion in State-Owned Buildings**

Whenever a fire or explosion takes place in a state-owned property, the district should call the nearest State Fire Marshal office (see state Telephone Directory). The caller should be prepared to identify location, type of property, and extent of damages, if known. The Fire Marshal will decide whether to make a formal investigation.

Rebuilding or repairing damage caused by the fire may begin without delay whether or not an investigation is made.

## **11.12.00.00 - LEASING STATE-OWNED PROPERTY**

### **11.12.01.00      General**

The following types of properties shall normally be leased:

- Commercial
- Industrial
- Agricultural
- Income residential where the state is seeking a master tenant

### **11.12.02.00      State Lease Forms**

The state's standard lease is Exhibit 11-EX-B, Lease Agreement, which should be used for leasing all commercial and industrial properties. For income residential properties where the state is seeking a master tenant, use Exhibit 11-EX-23, Master Tenancy Lease Agreement. For agricultural property, use Exhibit 11-EX-C, Agricultural Lease.

### **11.12.03.00      Lease Rates**

With few exceptions, lease rates shall be based on comparable market rates.

### **11.12.04.00      Lease Preparation**

The district shall prepare the lease in quadruplicate. Forward or deliver to lessee two originals for signature and one copy for the lessee's file, and retain one copy in the rental file. Lessee will return both originals to the Department for execution. Once the Department has executed both originals, one fully executed original will be forwarded or delivered to lessee and one will remain in the rental file.

### **11.12.05.00      Lease Approval by Lessee**

The lease shall be approved by the individual(s) or, if appropriate, the authorized officer(s) of the company or corporation. The lessee's title or capacity to approve the lease shall appear beneath lessee's signature. If the lessee is a corporation that has a seal, the seal may be affixed to the lease near the signature(s) of the corporate officer(s) approving the lease.

### **11.12.06.00      Lease Approval by State**

The DD or authorized delegate is authorized to execute all residential and nonresidential rental agreements and non-airspace leases. Legal must approve rental agreements and leases on nonstandard forms prior to execution on the Department's behalf.

### **11.12.07.00      Title VI Guidelines**

The Agent will inform the State's tenants about the Department's policy and procedures under Title VI of the 1964 Civil Rights Act and will deliver a "Your Rights Under Title VI & Related Laws" brochure at the time the lease is executed.

#### **11.12.08.00**      **Lease Renewals**

Report RWM 540, Reminder Report, will alert Property Management of leases that are due to expire. Upon receiving the report, the Agent shall:

- Review and inspect the property.
- Determine if the current lease rate is still the market rate.
- Check to see if the present tenant is interested in renewing the lease.

If the lessee does not want to renew the lease, the lead time will give Property Management an opportunity to re-rent the property with minimal loss of rental income.

If the lessee wants to continue leasing, the lease may be renewed or modified using Exhibit 11-EX-G, Lease Renewal. Lessee's signature on the renewal shall be identical to the signature format on the original lease, and the state shall execute in the same manner as a new lease.

#### **11.12.09.00**      **Assignment of Lease**

Circumstances may occur when a lessee wishes to sell their business and the state finds it beneficial to permit assignment of the lease. The state has the option to refuse or accept (but cannot unreasonably withhold approval) the proposed assignee as a responsible party who is able to fulfill the lease obligations for the balance of the lease period. The district shall require the proposed assignee to complete a rental application and shall investigate thoroughly to determine if the proposed assignee is acceptable.

If the proposed assignee is acceptable, the lessee shall sign the "Assignment of Lease" section of Exhibit 11-EX-H, Assignment of Lease, as assignee. The state shall execute "Consent to Assignment of Lease" section of the form in the same manner as the original lease, and shall process the "Assignment of Lease" in the same manner as the original lease.

#### **11.12.10.00**      **Public Notice to Bidders**

It may be advantageous for the district to use the public bidding process to accomplish leasing of certain types of property. The suggested format presented in Exhibit 11-EX-14, Notice to Bidders, may be modified to fit any type of property being offered for lease.

#### **11.12.11.00**      **Construction of Improvements by Lessee**

The district may consider leasing future right of way for development of improvements where such development will not result in a relocation assistance problem or obligation to the state, but will result in a net profit to the state or other public benefit.

Such leases should include many of the clauses contained in a standard airspace development lease. (Refer to Airspace Chapter 15.) In particular, clauses for condemnation, insurance requirements, design and location controls, and rental rate adjustments based on the Consumer Price Index should be considered for inclusion in development leases. Such leases shall also include a termination clause, a performance bond and/or other provisions to ensure timely removal of improvements at no expense to the state.

Property Management shall submit all such leases involving construction of aboveground structures to the DD or authorized delegate for **prior** approval.



#### **11.12.12.00**      **Leasing Excess Land**

Property Management shall obtain approval from the Excess Land Section before any excess land is committed to a lease. This is important because a lease affecting excess land may or may not be complimentary to the sale of the parcel. When excess land is leased, Property Management should forward a copy of the lease to the Excess Land Section for its files.

#### **11.12.13.00**      **Leasing to Highway Contractor**

Where excess vacant or improved parcels are available in the vicinity of a highway project, the district may enter into a lease with the highway contractor during the period of the project. The lease should be on standard lease Exhibit 11-EX-B, Lease Agreement, which usually covers uses such as construction yards and haul roads. The lease rate will be the fair market rent as in other state leases. Absolutely no advance commitment shall be made to any bidding highway contractor, as this would tend to give that contractor an advantage over other contractors competing for the project.

To avoid violations of any necessary access control lines and to ensure safe access to and from leased property, the lease must contain provisions specifying exactly where the contractor may gain access to and from the leased property and where the contractor may **NOT** gain access to and from the leased property. Before finalizing the lease, District Right of Way will obtain the District Permit Engineer's approval of the lease.

#### **11.12.14.00**      **Leasing to a City, County, or Special District Under S&H Code 104.7**

S&H Code Section 104.7 requires the Department, when requested by a city, county, or special district, to provide information regarding, and shall lease the property if the following conditions exist. The property must be:

- Unoccupied and unimproved.
- Held for future highway purposes (does not include rescinded routes or excess land held for study).
- Located within the boundaries of the city, county, or special district.

Property determined by the Department to have commercial, industrial, or residential use, as the most feasible or best use is not eligible for this program.

The city, county, or special district may use the leased property first for agricultural and community garden purposes, and second for recreational purposes, on terms and conditions not unreasonably inhibiting the use of the property, including, but not limited to, assumption of liability and installation and removal of improvements.

The lease shall be for one dollar (\$1) per year for not less than one year and shall be renewable.

The city, county, or special district may sublease the property for agricultural, community garden, or recreational purposes subject to the following constraints:

- Upon prior written notification to the Department.
- May proceed with the sublease unless disapproved by the Department within ten working days after the notice is sent to the Department.

- First priority for a sublease shall be given to the owner of property contiguous to the leased land.
- May charge rental fees at least sufficient to pay its administrative costs.
- All money received under a sublease, less administrative costs, shall be transmitted to the Department for deposit in the State Highway Account.

Exhibit 11-EX-15, City, County, or Special District Lease, shall be used for all these types of transactions.

#### **11.12.15.00**      **Lease Recordation**

Under most circumstances, a lease where the state is lessor shall not be recorded. Recordation would serve to cloud title of the property and could require a quitclaim deed to clear title at a later date.

#### **11.12.16.00**      **Lease Cancellation**

All state leases shall contain provisions that the state shall have the right to cancel the lease upon giving specific notice without other qualifications or reasons.

##### **11.12.16.01**      **Mutual Consent**

Occasions may arise when it is to the mutual benefit of the state and lessee to cancel a lease that is in force. This shall be accomplished by using Exhibit 11-EX-I, Cancellation of Lease. The lease cancellation shall be signed by both parties and shall be processed in the same manner as the lease.

##### **11.12.16.02**      **Lessee's Failure to Pay Rent**

When the lessee is delinquent in rental payments, RW 11-11, 3-day Notice to Pay Rent or Quit, shall be used by the state. Such notice shall be served upon the lessee in the manner specified in Section 11.08.04.00.

Procedures set forth in Chapter 10, Relocation Assistance, apply when canceling tenancy of a lessee who is eligible for relocation payments.

Money that the lessee has on deposit with the state may be retained and applied toward the delinquency that exists. The deposit shall not be credited toward the delinquency, however, until after the lessee has vacated the property, leaving it in a satisfactory condition acceptable to the state.

##### **11.12.16.03**      **Based on Right of Termination**

The standard lease provides for cancellation and termination of the lease by either party. When the lessee is not delinquent in rent and the state wishes to cancel the lease, RW 11-10, Notice of Termination of Tenancy and Notice to Quit, shall be used.

#### **11.12.17.00**      **Materials Agreement for Removal of Materials**

Occasionally, the state may find it desirable to have materials removed from state property for use as fill on a state highway project. When materials can be removed without decreasing the property value more than the estimated value of the material to be obtained, the district may enter into a Materials Agreement with a contractor.

The material removed shall not create a hazard or an eyesore in the area. The finished elevations after removal of material shall blend with the adjoining property. To ensure desirable results are achieved, the District Environmental Branch must be contacted for advice and recommendation before a Materials Agreement is negotiated.

No Materials Agreement shall be made or proposed with any contractor until after award of the highway construction contract. An alternative would be to indicate in the contract specifications that a specified amount of material is available at a certain location so all prospective bidders have knowledge of it.

See Exhibits 11-EX-16, Materials Agreement, and 11-EX-17, Materials Agreement, for sample formats of Materials Agreements.

**11.12.18.00**      **Available Office Space**

Right of Way should notify the District Facilities Manager when office space is available for lease. The District Facilities Manager will notify DGS, through the Departmental Facilities Manager in the Administrative Service Center, that office space is available. If DGS has other state tenants who might be interested in the space, they will notify the Department. It is not necessary to hold the property off the market for DGS during the notification period.

## **NOTES:**

## **11.13.00.00 - MASTER TENANCIES**

### **11.13.01.00      General**

Right of Way staff shall manage all rental properties that do not require special consideration. Use of a master tenancy lease is appropriate for managing properties under the conditions listed below:

- Motels, hotels, and rooming houses where a high level of service to tenants is required. California Code of Regulations, Title 25, Division 1, states a manager, janitor, housekeeper, or other responsible person shall reside on the premises when there are 12 or more guest rooms.
- Certain residential, commercial, or industrial properties located in areas where management by local residents is the only effective way to obtain cooperation of individual tenants in upkeep of the property.
- Residential apartment properties (containing 16 or more apartments). California Code of Regulations, Title 25, Division 1, states a manager, janitor, housekeeper, or other responsible person shall reside on the premises when there are 16 or more apartments.

### **11.13.02.00      Lease Form**

Exhibit 11-EX-23, Master Tenancy Lease Agreement, will be utilized for all master tenancy leases. This is a standard lease and not all clauses will apply to all situations. Formulate a lease that will be in the best interest of the Department using all of, some of, or any additional clauses. Keep in mind any additions, deletions, revisions, and/or changes should be approved by Legal prior to use.

### **11.13.03.00      The Master Tenant**

A master tenant is the state's lessee of income residential, commercial, or industrial property capable of being sublet into two or more rental units. Master tenants are obtained through negotiations or by successful bid on an advertised lease for a particular property. As lessee, the master tenant assumes complete responsibility for management, control, and maintenance of the leased property, subject to all the terms and conditions of the lease.

### **11.13.04.00      Factors to Consider**

The major benefit derived from a master tenancy is that the master tenant theoretically assumes all problems associated with the rental property while providing the state with appropriate rental income from the leased property.

The determination on whether a parcel will be leased to a master tenant should be based on several factors including, but not limited to:

- Difficulty in managing a large furnished apartment, motel, or rooming house where the state does not purchase the furniture and various utilities are supplied to the units from a single meter.
- Long distance between the district office and the property.
- Potential loss of income to the state due to high vacancy factors.
- Management problems such as handling of trash service, night-lights, and swimming pools.

#### **11.13.05.00**      **Approval**

The DD or authorized delegate is authorized to approve all master tenancy leases.

#### **11.13.06.00**      **Documentation**

The agent preparing the proposed master tenancy agreement shall provide the following documentation to the DD or authorized delegate approving the lease:

- Brief description of the property, condition, and number of units.
- Reasons why master tenancy is the best form of property management.
- A statement specifying that an interior and exterior inspection of the property has been performed, what conditions require correction, and who will perform the work.
- A statement that notices signed by individual tenants will be obtained to confirm the non-RAP eligibility of the tenancy and a statement that the building will be posted with such a notice. A system for monthly review of changes in tenancy and receipt of signed non-RAP eligibility statements for all new tenants must be established.
- A statement that district staff will perform interior and exterior inspections semiannually and that the master tenant will correct conditions of disrepair or the tenancy will be terminated.

Master tenancy agreements may be written for varying lengths of time at the district's discretion. The agreements should be written for time periods that are commensurate with district clearance schedules, which are generally controlled by certification dates. On occasion, the normal length of a lease (one-year) may be extended to encourage a master tenant to take over certain property. For example, extension is appropriate when the master tenant needs a longer time to recover anticipated costly expenses incurred in rehabilitating property at lease onset.

#### **11.13.07.00**      **Minimum Acceptable Lease Rate**

The district should establish a minimum acceptable lease rate prior to advertising for bids for a master tenancy or prior to negotiating a master tenancy directly with a grantor. In determining the lease rate, consideration should be given to the following:

- Physical condition of the property.
- Location within the community.
- Type of tenants.
- Present or future market demands within the area for the type of rental.

#### **11.13.08.00**      **Advertising Availability of Master Tenancy**

The district should maintain a list of prospective master tenants, including referrals, interested persons who have made inquiries, and past master tenants who have performed satisfactorily.

The availability of a specific master tenancy agreement should be advertised in metropolitan newspapers as well as local newspapers serving the area where the property is located. The advertisement should announce:

- Availability of the lease.
- Type and number of units.
- Expected length of tenancy.
- Date the property will be available for inspection.

The ad should request interested parties to phone or write the district for a brochure or flyer with the particulars as well as bidding requirements and procedures.

#### **11.13.09.00**      **Bid Proposal Package**

Bid proposal packages that are mailed to interested parties shall contain items that are compatible with the proposed lease. See the table entitled “Items Included in Bid Proposal Package” on the following page and Exhibits 11-EX-18 through 11-EX-24 for a complete bid proposal package.

#### **11.13.10.00**      **Bid Opening and Award**

Bid proposals shall be opened and read publicly at the time and date specified in the “Notice to Bidders and Interested Parties.”

Although the lease will normally be awarded to the highest responsible bidder, the state reserves the right to refuse any and all bids. The district shall retain the bids and deposits of the highest responsible bidder and the second highest responsible bidder until the successful high bidder has complied with all the terms contained in the “Terms of Auction” notice. When these terms have been met to the district’s satisfaction, the district shall return the second highest bidder’s deposit and mail a letter reporting the bid results to all unsuccessful bidders (see Exhibit 11-EX-26).

#### **11.13.11.00**      **Commencement of Standard Lease Procedures**

Processing and handling of the master tenancy agreement is identical to the standard leasing procedures for other state-owned property. Refer to Subchapter 11.12.00.00 for details.

**11.13.12.00**      **Posting of Public Notice**

After final approval of the lease, the district shall post a public notice sign on all residential properties under a master tenancy agreement (see Exhibit 11-EX-27). The sign shall be readily visible to prospective tenants and shall advise that all persons commencing tenancy on the premises after the date indicated shall not be eligible for relocation assistance payments as provided in Government Code Sections 7260 through 7274. The date to be inserted on the sign shall be the date the state obtains legal possession of the premises. Posting of this public notice sign is mandatory and is in addition to the requirement that the lessee furnish each new tenant with a written notice with the same information

<b>ITEMS INCLUDED IN BID PROPOSAL PACKAGE</b>		
<b>Item</b>	<b>Form/Exhibit</b>	<b>Description</b>
Notice to Bidders and Interested Parties	Exhibit 11-EX-18	This notice sets forth the address of the lessor; indicates date and time sealed bids shall be opened; and makes specific remarks about allowing only one bid from any one person, corporation, or firm.
Terms of Auction	Exhibit 11-EX-19	This details the required amount of money to be submitted with the bid, the manner in which payment is to be made, where payments are to be received, and the amount of security deposit required as a guarantee that the required maintenance shall be performed. It also sets forth the maintenance requirements that shall be met by the successful bidder and the time limit allowed for work to be accomplished.
List of Tenants in Possession	Exhibit 11-EX-20	This sheet lists by address the tenants in possession with their corresponding rental rates and number of bedrooms. It also has information in regard to the utilities for which the Master Tenant is responsible. The list of tenants in possession is actually incorporated into the lease.
Inventory	Exhibit 11-EX-21	This inventory shows by apartment or rental unit certain features or improvements for which the master tenant shall be held accountable. Such items as drapes, garbage disposals, wall-to-wall carpeting and built-in range and oven are included.



ITEMS INCLUDED IN BID PROPOSAL PACKAGE (Continued)		
Item	Form/Exhibit	Description
Bid Proposal	Exhibit 11-EX-22	<p>The proposal form shall be fully executed by the bidder, who is responsible for completing the following:</p> <ul style="list-style-type: none"> <li>• Address of the property.</li> <li>• Monthly lease rate willing to pay.</li> <li>• Signature with printed name and date. The “Important Notice” portion sets forth how the bid is to be signed in the event the bidder is a corporation, partnership, or firm.</li> <li>• Bidder’s telephone number, business address, or home address for refunding money to unsuccessful bidders.</li> <li>• The bid proposal shall be accompanied by the first month’s rent, as bid and it shall be paid in the manner set forth in the “Terms of Auction.” Failure to do so in the manner described is basis for rejection of the bid.</li> </ul> <p>To be considered, the bid proposal, in proper order, shall be received at the District Office by the time specified in the “Notice to Bidders.”</p>
Rental Application	Form RW 11-5	The completed form shall be submitted at the time the bid proposal is submitted. The form is used by Property Management to determine the bidder’s financial responsibility.
Sample Lease Agreement	Exhibit 11-EX-23	This is a sample master tenancy agreement that may be modified as needed and approved by Legal.
Bid Proposal Mailing Envelope	Exhibit 11-EX-24	This envelope shall be marked for return to Property Management and identified as a sealed bid for a particular property. The date and time of the bid opening shall also be indicated.

## **NOTES:**

## **11.14.00.00 - OUTDOOR ADVERTISING SIGNS**

### **11.14.01.00**      **General**

Rental of existing outdoor advertising signs shall be handled like any other new rental account. Property Management shall receive the MOS and the R/W Contract for the sign interest on the acquired parcel.

### **11.14.02.00**      **Prohibition Against New Signs**

New outdoor advertising signs shall not be permitted on state-owned properties under any circumstances, regardless of whether the properties are considered excess or are being held for future highway use.

### **11.14.03.00**      **Sign Site Rental Procedures and Rates**

All sign site rentals shall be prorated as of the day following the date the deed to the state is recorded or the day following the date the state secures legal possession, whichever occurs first. The R/W Contract shall provide that the sign company prorates rental payments to both the state and to the state's grantor. Should the sign be located partially within the right of way and partially on the remainder, the state's rental agreement shall reflect only the amount of money payable to the state.

Billboard site rental rates shall be based on the Billboard Site Rental Schedules (Exhibit 11-EX-28, Billboard Site Rental Schedule) or the existing rental rate, whichever is greater.

### **11.14.04.00**      **Billboard Site Rental Schedules**

The type of billboard and the number of advertising sign faces in place on a site determine the billboard site rental rates, by multiplying the advertising rate by the appropriate percentage shown on Exhibit 11-EX-28, Billboard Site Rental Schedule. Determination of rental rates shall be documented in the rental account file.

Outdoor advertising companies publish advertising rates for Poster Panels and Urban "Rotates." The rates are normally published for each calendar year, but may be changed more often. Current rates for posters or rotating bulletins may be obtained by asking the sign company for a rate card for the type and location of the sign involved.

Locations in the rate books are general in nature, such as Los Angeles Metro Market, San Francisco, and Oakland/San Jose Metro Market. Examples of published advertising rate formats are shown on Exhibit 11-EX-29, Advertising Rate Card Examples.

Site rental rates are determined by multiplying the advertising rate times the percentage shown on the Billboard Site Rental Schedules (Exhibit 11-EX-28, Billboard Site Rental Schedule) for each advertising sign face on a site as shown in Exhibit 11-EX-29, Advertising Rate Card Examples.

**11.14.05.00**      **Advertising Structure Agreement**

The sign owner shall be required to sign Exhibit 11-EX-D, Advertising Structure Agreement, in triplicate. The agreement shall be executed on the state's behalf in accordance with Section 11.12.06.00.

Historically, advertising rates used to determine sign site rental rates have increased in much larger yearly increments than increases indicated by consumer price indexes. The standard lease term for an Advertising Structure Agreement, therefore, is two years. If a sign company wishes to enter into an agreement for more than two years, a clause should be included in the agreement to increase the rent 10% per year after the first 2 years. This ensures a reasonable increase in the rental rate during the extended term.

New advertising structure agreements shall not extend for more than five-year periods without prior DD or authorized delegate approval.

**11.14.06.00**      **Sign Rent Delinquencies**

Delinquencies that occur on sign rentals shall be treated the same as any other type of rental delinquency.

## **11.16.00.00 - TRANSFERRING PROPERTIES TO CLEARANCE STATUS**

### **11.16.01.00      Scheduling Rental Termination**

After determining a practical and orderly clearance schedule, Property Management shall coordinate the following activities with the RAP Unit:

- Inform the RAP Unit in writing within two days of the first knowledge of a RAP eligible vacating state-owned property.
- Provide a courtesy 90-Day Letter for noneligible RAP tenants, in accordance with provisions of Section 11.07.19.00.
- Ensure that all noneligible RAP tenants occupying premises leased under master tenancy are informed they are not eligible for relocation assistance payments.
- Coordinate sale of excess land or building improvements with the RAP Unit to ensure that occupants are provided with required RAP notices and receive any relocation payments due.

Property Management shall request the following services from the RAP Unit as necessary:

- Service of a Letter of Intent to Vacate on each tenant eligible for relocation assistance payments. Property Management will supply the names, addresses, and other information for the affected tenants and type of notice to be served (see Exhibit 11-EX-34, Service of a Letter of Intent to Vacate). This notice will be served in accordance with RAP instructions and the status of the tenant's RAP eligibility (see Exhibit 11-EX-35, Letter of Intent to Vacate-90). A copy of the Letter of Intent to Vacate that was served shall be returned to Property Management to confirm the effective date of the notice.
- Service of a Notice to Vacate on the above eligible tenants. A copy of the notice showing the date service was made shall be returned to Property Management as verification of service and notification of the effective date of termination (see Exhibit 11-EX-44, Notice of Termination of Tenancy and Notice to Quit).

Depending on district policy, either Property Management personnel or RAP personnel may serve the Letter of Intent to Vacate and the Notice to Vacate when tenants ineligible for relocation assistance payments are involved.

In most cases where state-owned property is voluntarily vacated and the length of time remaining before regular scheduled clearance is too short to provide a reasonable period for re-renting, the parcel shall be immediately transferred to clearance status for disposal.

### **11.16.02.00      Transferring Properties to Clearance Status**

The Agent is responsible for thoroughly inspecting and securing the state's property as soon as it becomes vacant and shall make prior arrangements to obtain keys from the vacating tenant. If the vacant property shall not be re-rented, the Agent shall follow the procedures below after receiving the keys:

- Inspect the property, noting possible hazards, vandalism, trash, or personal property left on the premises.
- If personal property is found on the property, the Agent is directed to follow the statutory procedures that are set forth in California Code of Civil Procedure Section 1174 and Civil Code Sections 1980-1991. Should the Agent need assistance in interpreting these provisions of California law, the Agent may consult with Legal for additional advice.

- Inventory all items purchased by the state and document the rental file.
- Determine whether or not the property should be boarded up to protect against vandalism and theft.
- When necessary, submit a service request to the proper maintenance personnel to have trash removed, improvements boarded up, or hazardous conditions abated.
- Arrange for termination or transfer of utility services into state's name. Notify Division of Accounting, Accounts Payable, Utility Section, of changes in utility billing as necessary.

#### **11.16.03.00**      **Property Manager Review**

The Property Manager shall review all improved rental properties that are transferred to clearance status and shall perform the following functions:

- Verify that entries made in RWPS are correct and complete.
- Check the parcel rental folder for accuracy of dates and type of activity from close of escrow to date of transfer to clearance status.
- Verify that improvement inventory documentation has been properly maintained and all state-owned items are accounted for.
- When fully satisfied that the improvements should be transferred to clearance status for disposition, affix initials or signature to the vacancy report to approve the transfer.
- Route the parcel rental folder to clerical staff to prepare the utility removal letter for the Agent's signature (see Exhibit 11-EX-36, Utility Removal Letter), ensuring that a copy is sent to Division of Accounting, Accounts Payable, Utility Section. After the utility removal letter has been prepared and mailed, place the parcel rental folder in a "Hold for Clearance" file.
- Route a copy of the vacancy report found in the parcel rental folder to Clearance staff to serve notice that certain improvements are now available for immediate clearance.

#### **11.16.04.00**      **Advanced Transfers to Clearance Status**

Occasionally, it is necessary to remove improvements prior to normal clearance scheduling because one or more of the following conditions exist:

- Retention of substandard improvements that cannot be economically rehabilitated would constitute a health or safety hazard.
- Improvements have been damaged to the point that it is no longer economically feasible to restore them to rentable standards.
- A local government agency has condemned the improvements.

In most cases, the above criteria are equally applicable to removal of improvements from rescinded routes or excess land.

A financial analysis prepared by a qualified person and approved by the DDC-R/W shall be attached to the improvement disposal report for disposal of any residential improvements. Comments and recommendations must indicate that the project is environmentally cleared or contain a documented statement about the emergency nature of the removal.

**11.16.05.00**      **Direct Sale Pursuant to S&H Code Section 118.1**

In accordance with S&H Code Section 118.1, under certain conditions commercial property made excess because it is on a rescinded route or downscoped project must be offered for sale first to the state's tenant. The tenant must have made authorized capital improvements valued in excess of \$5,000 at their expense. Upon Excess Land's request, Property Management will identify all eligible properties. For further details, see Excess Land Chapter 16.

## **NOTES:**



## **11.17.00.00 - HAZARDOUS WASTE AND HAZARDOUS MATERIALS**

### **11.17.01.00      Policy**

The Department's policy is to consider fully all aspects of potential hazardous waste sites ensuring that adequate protection is afforded to employees, workers, and the community prior to, during, and after construction. Property Management must be aware of all potential and confirmed sites and any use of hazardous materials on future rights of way. The district must monitor these sites, terminate leases where required, and consider potential clearance of wastes when planning for right of way certification dates.

### **11.17.02.00      Definition**

A material is hazardous if it poses a threat to human health or the environment. Hazardous materials may be any of a large group of the products listed below. (A partial list is contained in the California Code of Regulations, Title 22, Section 66261.126, Appendix X.)

- Flammable
- Reactive (subject to spontaneous explosion or flammability)
- Corrosive
- Toxic
- Radioactive

The term "hazardous waste" applies to the storage, deposit, contamination, etc., of a hazardous material that has escaped or been discarded or abandoned and that may be defined in general terms as being any of the above.

### **11.17.03.00      General**

The Department strives to identify, investigate, and clean up sites at the earliest opportunity during the project development process. Occasionally, these activities may not be accomplished prior to Property Management involvement.

Under a *normal* project development sequence, the entire process is completed in accordance with governmental hazardous waste requirements. Project Development is the lead unit for the identification, investigation, and cleanup process. Right of Way assists by obtaining necessary rights to enter for testing purposes and by negotiating cleanup agreements prior to acquisition.

On projects where the normal sequence cannot be followed, Right of Way assists in identifying potential hazardous waste sites and initiates the cleanup process for all **MINOR** hazardous waste problems not requiring a Hazardous Waste Management Plan, such as underground tanks or hazardous material businesses. All investigative work is done under the administrative and technical control of the District Hazardous Waste Coordinator (HWC) with concurrence of the Department's Hazardous Waste Management Branch, Office of Project Planning and Design. If at any time a formal Hazardous Waste Management Plan is required, Project Development assumes the lead role.

#### **11.17.04.00**      **Inventory**

Property Management must inventory all properties under its control that have been identified as potential hazardous waste sites, including those with underground tanks. The District HWC should maintain a tracking system for all district sites. Until the properties are cleared and the projects are certified for construction, Property Management must monitor all acquired properties, specifically any that have a potential for becoming hazardous waste sites.

#### **11.17.05.00**      **Underground Tanks**

The State Underground Storage Tank Law is contained in Chapter 6.7, Division 20, Health and Safety Code, and Underground Tank Regulations, Subchapter 16, Chapter 3, Title 23, California Administrative Code.

All underground tanks must be covered by permits issued by the local regulatory agency, and the owner of the property is responsible for obtaining the permit. Examples of such permits are “permit to store a hazardous material” and “permit to operate a hazardous material storage tank.”

Underground tanks on state property should be removed as soon as possible. All inactive tanks shall be removed immediately. Active tanks shall be removed as soon as the property can be vacated. An alternative, in some cases, is to obtain a right to enter and remove the tanks and then consider continuance of the lease.

The DD or authorized delegate must approve any exceptions to the above as current regulations for monitoring underground tanks require a substantial expenditure by the Department to comply with installation and operation of leak detection equipment. Only new tanks or those constructed since January 1984 and that meet all current requirements and regulations will be considered for possible retention or installation. The lessee is responsible for permits and all costs for monitoring the system. If a new tank is allowed, a provision for removal and cleanup by lessee at expiration of lease must be included.

#### **11.17.06.00**      **Tank Removal Procedures**

The HWC will obtain the name of the local agency official responsible for underground tanks. Since the contractor must obtain the required permits for operating or closure of all existing tanks from the local permitting agency, this information must be included in the removal contract. Also, any contract for tank removal **MUST** include provisions for barricades and cleanup.

Prior to any tank removal, Right of Way must initiate an agreement with the tenant in occupancy and the owner of the property. While Project Development and the project manager have basic responsibility for removal of all tanks, those which have no or only minor leakage can be removed under contracts initiated by Right of Way. These contracts must be approved by the HWC and must contain all the clauses approved by the Office of Service Contracts. Nonleaking tanks may have a minor deposit of product under the tank that can be cleaned up during a tank removal contract. If the leak is major, a Hazardous Waste Management Plan may be required and will be prepared under the direction of Project Development.

#### **11.17.07.00      Potential Surface Contamination**

Many properties have the potential for hazardous waste contamination. Examples include service stations and bulk plants, paint companies, machine shops, plating companies, light and heavy industrial manufacturing, dry cleaning establishments, fertilizer companies, junkyards, auto wrecking yards, and muffler shops. Right of Way must notify the HWC in writing when a property may contain either hazardous waste or asbestos containing materials (ACM). Right of Way should request:

- An opinion on whether or not hazardous materials are being used.
- If they are, an assessment of the risk involved in their presence and use by the tenant, given the process used, handling methods, and equipment.
- A recommendation regarding what periodic inspections, if any, are necessary to ensure that use of any hazardous material does not result in a future hazardous waste problem.

The HWC will inspect each site and determine that:

- No testing is necessary and will make a statement that no hazardous waste is present; or
- Further investigation is necessary and proceed to hire a consultant to determine if hazardous waste actually exists; or
- There is no hazardous waste present, but hazardous materials are present and being used and what future inspections and controls, if any, may be required.

If no hazardous waste or material exists, the district should continue tenancy with amendment of lease to include the hazardous waste clause.

If hazardous waste exists and the lessee's operation is causing the waste, the district should notify the lessee to cease such action and terminate the lease. The district should initiate further steps to determine who is responsible for cleanup and when cleanup will take place. Cooperation with the HWC, Legal, and Project Development may be required. The DD or authorized delegate must approve any new lease or lease renewal for a parcel confirmed to contain a hazardous waste.

If no hazardous waste exists but hazardous materials are being used, the risk of allowing the operation to continue with possible cleanup costs and project delays must be weighed against net rent, community impact, and any positive factors. Justification for continuing the lease or rental must be documented and retained in the file.

Where there is a potential for hazardous waste and project certification date is within a three-year period, Right of Way must request the HWC to give a priority review so that any site confirmed to have a hazardous waste will not cause a delay in clearance and subsequent R/W Certification.

Removal of improvements that contain asbestos (e.g., siding and insulation) should be coordinated with the HWC. See R/W Manual Section 12.03.07.00 for additional information.

**11.17.08.00**      **Lease Clause for Nonresidential Properties and Information for Tenants**

Exhibit 11-EX-B, Lease Agreement, contains a clause covering hazardous materials. This clause shall be included in all existing and future nonresidential leases and rental agreements except signboard sites and oil and gas leases, and where in the district's judgment hazardous waste problems are extremely unlikely. This exception may include vacant land uses, agricultural uses where chemicals such as fertilizers, herbicides and insecticides are used but not stored or mixed on the property, grazing uses, recreational uses such as parks and ball fields, and some commercial uses. The districts should take a conservative approach to these exceptions and should watch for any changes in use that could involve hazardous materials.

The hazardous waste clause should be included in revising all nonresidential leases, without waiting for renewal, for any accounts that are not excluded; i.e., properties where hazardous waste problems are extremely unlikely.

A list of hazardous materials from the California Code of Regulations, Title 22, Section 66261.126, Appendix X, is extensive and useful, but it should not be considered all inclusive. Agents may obtain a copy of this list and should refer all questions relating to classification of substances to the District HWC. Each nonresidential tenant shall be provided with a copy of this list.

Additional information contained in California Health and Safety Code Sections 25286, 25294, 25295, 25298, and 25299 may also be obtained from the HWC. Tenants of properties with underground tanks shall be provided with a copy of these sections.

Use of the hazardous waste clause and the tenant's listing of hazardous materials asked to be permitted should give the Property Manager notice of potential problems. Before any lease or rental is entered into with a new tenant, however, the Property Manager must inquire into the specific type of use proposed and consider the risk, with advice as needed.

## **11.18.00.00 - DEPARTMENT-OWNED EMPLOYEE HOUSING**

### **11.18.01.00      Definition**

California Code of Regulations (CCR), Department of Personnel Administration (DPA) Rule Section 599.644 describes state-owned housing as houses, apartments, dormitories, mobile homes, trailers, mobile home pads and trailer spaces. *Employee housing* refers to those facilities that are located at maintenance stations and are owned and maintained by the California Department of Transportation (Department).

### **11.18.02.00      Policy**

Employee housing is considered at maintenance stations only when necessary for direct support of the station and is limited to crewmembers assigned to the station and their immediate family.

See Deputy Directive DD-18, Employee-Occupied Caltrans-Owned Housing (Exhibit 11-EX-37), for complete policy and procedures.

### **11.18.03.00      Responsibilities**

DDs and Program Managers for HQ R/W and Maintenance share responsibility for employee housing in accordance with DD-18. Additional information on roles and responsibilities is included in the January 26, 1995 memorandum entitled "Employee-Occupied Caltrans-Owned Housing" (PSEP 1243) from the Division of Accounting.

### **11.18.04.00      Rental Rates**

Employees will pay fair market rental rates for employee housing, consistent with collective bargaining unit agreements, as follows:

- All new employee-tenants will be charged fair market rents.
- The state will raise existing rental rates paid by employees up to 25% each year up to fair market value.

### **11.18.05.00      Utilities**

It is the Department's policy *not to* furnish utilities for employee housing. Exceptions to this policy may be considered on an individual basis and require approval of the Maintenance Program Manager.

All employee housing units will be equipped with separate tanks and/or meters for fuel and electricity.

At locations where commercial electricity and fuel are not available or fuel is supplied by the maintenance station and no meters have been installed, the employee shall reimburse the state at the same rate charged by the nearest public utility company or fuel supplier. District Right of Way shall obtain estimates of fair and reasonable average monthly charges for such units.

If meters have been installed, the Maintenance Supervisor will read the meters monthly and Accounting will bill the employee-tenants.

If water is not metered to the employee housing unit, employees will be charged a flat monthly rate in accordance with Department of Personnel Administration Rule 599.642 as shown below:

	<u>Housekeeping</u>	<u>Non-Housekeeping</u>
<b>Class 1</b>	\$3.50 per month	\$1.75 per month
<b>Class 2</b>	\$5.50 per month	\$2.75 per month

***Housekeeping*** - units of 501 square feet or more that contain regular cooking facilities.

***Non-Housekeeping*** - units that do not contain regular cooking facilities and all units of 500 square feet or less.

***Class 1*** - within 25 miles of and not more than 40 minutes' travel time, one way, from a community with a year-round population of 2,500 or more.

***Class 2*** - all other areas.

The rental agreement for each unit shall specify utilities to be paid directly by the employee to commercial suppliers. If the maintenance station supplies utilities, the rental agreement shall specify the method of reimbursement by the employee.

#### **11.18.06.00**      **Employee Housing Rental Agreement**

Use of the Employee Housing Rental Agreement (RW 11-22) is mandatory for occupancy of employee housing units. Rental agreements are not required for dormitory occupants.

#### **11.18.07.00**      **Payment of Rent**

Rent is payable monthly in arrears by payroll deduction in accordance with DPA rules. District Maintenance initiates Miscellaneous Deduction Change Report (Controller's Form 650) to establish a payroll deduction for a new account or to change a rental. The original is sent to the Controller's Office with copies to Accounting, Personnel, and Right of Way. Deduction Code 011 is used for rent, and a monthly report for Deduction Code 011 is available by district from the Controller's Office. Accounting and District Right of Way should use this report to monitor rental rates and income for employee housing.

Accounting is responsible for maintaining a list with employee's name, amount deducted for rent, and amount for utilities for each employee housing unit.

District Maintenance is responsible for notifying Accounting, Personnel, and Right of Way if there is a new occupant or an employee is leaving.

#### **11.18.08.00**      **Possessory Interest Tax**

The tenant's interest in employee housing is subject to a possessory interest tax that the city or county may impose. Any tax payment shall not reduce rent due the Department and shall be the tenant's responsibility.

#### **11.18.09.00**      **Maintenance and Repairs**

Employee housing units shall be maintained in a safe and habitable condition. The maintenance standards for Department's rental properties contained in this chapter shall apply to employee housing and procedures for inspections and maintenance contracting shall be followed. Rental offsets shall not be used for employee housing.

Because of the distance of some housing units from urban areas, it may be difficult to have repairs done by contractors. In these cases, maintenance station personnel may be able to purchase materials and perform the repair work. Costs of work done in this manner shall be documented in the rental file.

It is the responsibility of the Division of Maintenance to authorize and allocate funds necessary for the maintenance and repair of employee housing facilities. When it is necessary to perform maintenance or repairs, Right of Way will contact Maintenance to obtain the correct EA.

#### **11.18.10.00**      **Carpeting for Employee Housing**

The purchase of rugs or carpeting for employee housing shall be in accordance with DGS Carpet Specifications that are in effect at the time quotations are sought. In addition, purchase must be in compliance with existing procurement statutes, regulations, policies, and procedures. For a copy of the specifications or additional information, contact the Purchase Branch in the Administrative Service Center.

#### **11.18.11.00**      **Surplus Property**

When employee housing is no longer required for maintenance station staff due to a change in the station's mission or availability of private housing, the housing shall be eliminated by transferring the property to District Right of Way for disposal. These houses should be vacant when they are transferred to Right of Way. If occupied, however, Maintenance shall request Right of Way to terminate tenancies.

#### **11.18.12.00**      **Reporting Requirements**

CCR, DPA Rule Section 599.640-648 requires Departments with state-owned properties to 1) establish processes and procedures to annually assess the fair market value of their properties and 2) report the employees' taxable income associated with employer-provided housing to the State Controller's Office.

DPA Rule 599.644(c) states "at the direction of the DPA, the appointing powers shall review the monthly rental and utility rates every year and report the rates to DPA." The Department has the responsibility to submit the following information to DPA annually:

- |  |                                       |
|--|---------------------------------------|
| • County Code                          | • Property Name                       |
| • Street Address                       | • Residence Type and Residence Number |
| • Current Rents Name                   | • Renters Classification              |
| • Occupancy Date                       | • Monthly Rent                        |
| • Fair Market Value                    | • Date of Fair Market Value Appraisal |
| • Percent of Increase from Last Survey | • Monthly Utility Rate                |
| • If Utilities Are Included in Rent    |                                       |

HQ will send out a request to the Regions/Districts for the annual survey along with instructions and other pertinent information.

## **NOTES:**



## CHAPTER 11

### Property Management Table of Contents

#### FORMS

<u>Form No.</u>	<u>Title</u>
RW 11-1	Hold for Future Use
RW 11-2	Hold for Future Use
RW 11-3	Hold for Future Use
RW 11-4	Hold for Future Use
RW 11-5	Residential Rental Application
RW 11-6	Non-Residential Rental Application
RW 11-7	Property Management Rental Account Diary
RW 11-8	Residential Property Occupancy and Vacancy Inspections
RW 11-9	Hold for Future Use
RW 11-10	Hold for Future Use
RW 11-11	3-Day Notice to Pay Rent or Quit
RW 11-12	3-Day Notice to Correct Breach of Covenant or Quit (Curable Breach)
RW 11-13	3-Day Notice to Quit for Breach of Covenant (Incurable Breach)
RW 11-14	Hold for Future Use
RW 11-15	Residential Property Inspection
RW 11-16	Non-Residential Property Inspection
RW 11-17	Hold for Future Use
RW 11-18	Certificate of Insurance With Endorsement for Lease of State-Owned Property
RW 11-19	Hold for Future Use
RW 11-20	Hold for Future Use
RW 11-21	Hold for Future Use
RW 11-22	Hold for Future Use
RW 11-23	Contractor's Time Reporting Sheet
RW 11-24	Income Certification
RW 11-25	Authorization to Write Off or Adjust Accounts Receivable Bill
RW 11-26	Hold for Future Use
RW 11-27	State Fire Marshal Checklist
RW 11-28	Plan Approval Request
RW 11-29	Seismic Screening Checklist
RW 11-30	Certification of Structural Evaluation
RW 11-31	Structural Evaluation Request

## CHAPTER 11

### Property Management Table of Contents

#### EXHIBITS

<u>Exhibit No.</u>	<u>Title</u>
11-EX-A	Residential Rental Agreement
11-EX-B	Lease Agreement
11-EX-C	Agricultural Lease Agreement
11-EX-D	Advertising Structure Agreement
11-EX-E	Rental Agreement Amendment
11-EX-F	Rental Offset Agreement
11-EX-G	Lease Renewal
11-EX-H	Assignment of Lease (Where State Is Lessor)
11-EX-I	Cancellation of Lease
11-EX-J	Employee Housing Rental Agreement
11-EX-1	Letter to FHWA Dated March 4, 1999
11-EX-2	Department Cash Handling Policy
11-EX-2A	Cash Receipt Book Procedures
11-EX-3	Affordable Rent Tenants
11-EX-4	Written Notice of Denial
11-EX-5	Monthly Percentage Table for Rent Proration
11-EX-6	Landlord's Notice of Termination
11-EX-6B	Notice of Right to Inspection
11-EX-6C	Waiver of 48-Hour Notice of Initial Inspection
11-EX-6D	Initial Vacancy Inspection and Statement of Proposed Security Deductions
11-EX-7	District Right of Way Procedure: Vacating Premises, Unlawful Detainer Actions
11-EX-7A	Proof of Service Notice
11-EX-7B	Unlawful Detainer Request
11-EX-8	Correction Notice - Unsuitable Conditions
11-EX-9	Hold for Future Use
11-EX-10	Summary of Contract Processes
11-EX-11	Guidelines for Personal Injury, Liability and Property Damage Insurance
11-EX-12	Liability, Property Damage and Fire Insurance
11-EX-13	Recommendation and Approval Form for Archive Copy of Lease
11-EX-14	Notice to Bidders
11-EX-15	City, County, or Special District Lease
11-EX-16	Materials Agreement (Sample Format)
11-EX-17	Materials Agreement (Sample Format)
11-EX-18	Notice to Bidders and Interested Parties
11-EX-19	Terms of Auction
11-EX-20	List of Tenants in Possession

<b><u>Exhibit No.</u></b>	<b><u>Title</u></b>
11-EX-21	Inventory
11-EX-22	Bid Proposal
11-EX-23	Master Tenancy Lease Agreement
11-EX-24	Bid Proposal Mailing Envelope (Sample)
11-EX-25	Notice to Tenant (Relocation Payments Not Forthcoming to New Tenants)
11-EX-26	Bid Results - Unsuccessful Bidders
11-EX-27	Public Notice (Sign for Master Tenancy)
11-EX-28	Billboard Site Rental Schedules
11-EX-29	Advertising Rate Card Examples
11-EX-30	State As Lessee Lease Agreement
11-EX-31	Approval of Plans for Temporary Field Offices (Fire Marshal Guidelines)
11-EX-32	Office of Insurance and Risk Management-DGS (Insurance Log)
11-EX-33	Lease Agreement-Park and Ride Lot
11-EX-34	Service of Notice to Vacate (Notice to RAP Unit)
11-EX-35	Letter of Intent to Vacate—90
11-EX-36	Utility Removal Letter (Example)
11-EX-37	DD-18 - Employee-Occupied Caltrans-Owned Housing
11-EX-38	Gross Income for the Purpose of Calculating Affordable Rent
11-EX-39	Collection Agency Transmittal
11-EX-40	Statutory Notice to Former Tenant of Right to Reclaim Abandoned Property
11-EX-41	Statutory Notice to Person Other Than Former Tenant of Right to Reclaim Abandoned Property
11-EX-42	State Space Allowances Standards
11-EX-43	Executive Order D-16-00
11-EX-44	Notice of Termination of Tenancy and Notice to Quit
11-EX-45	Request for Rent Determination
11-EX-46	Documentation of Residential Fair Market Rental Rate
11-EX-47	Uninhabitable Conditions
11-EX-48	Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
11-EX-49	Department of Transportation, Division of Right of Way, STAR Program Agreement
11-EX-50	Modular Lease Agreement
11-EX-51	Pet Application
11-EX-52	Pet Addendum
11-EX-53	Nominal Value Nonresidential Rental Appraisal

**RESIDENTIAL RENTAL AGREEMENT**

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

EXHIBIT

11-EX-A (NEW 7/2005)

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**RESIDENTIAL RENTAL AGREEMENT**

THIS RENTAL AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between the State of California, Department of Transportation, hereinafter known as Department, and \_\_\_\_\_, hereinafter known as Tenant(s).

**WITNESSETH**

In consideration for the payment of the rent specified herein, Department hereby rents the property to Tenant(s) on the following covenants, terms, and conditions:

- 1) **DESCRIPTION:** The Department, in consideration of the payment of the rent hereinafter specified to be paid by the Tenant(s), and the covenants and agreements herein contained, does hereby rent, demise, and let unto Tenant(s) that certain property in the County of \_\_\_\_\_, State of California, the address of which is \_\_\_\_\_, and legally described as:

Including the following improvements:

- 2) **RENT:** Rental of the property is on a month-to-month basis, and Tenant(s) agrees to pay rent to the Department, in the amount of, \_\_\_\_\_, in advance, *on the first day of each month* so long as tenancy continues.

Rent payable or refundable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on a thirty-day (30-day) month.

Tenant(s) will pay the prorated rental of \$ \_\_\_\_\_, which represents \_\_\_\_\_ days, and thereafter at the rate and terms specified above.

- 3) **RECEIPT OF MONIES PAID:** Department acknowledges receipt of monies paid by Tenant(s) in the amount of \$ \_\_\_\_\_, for the following purposes:

Rent	\$ _____
Security	\$ _____

- 4) **SECURITY DEPOSIT:** Tenant(s) shall deposit with the Department \$ \_\_\_\_\_ as a guarantee for faithful performance of the conditions of this Agreement. The Department may use such amounts as are reasonably necessary to remedy Tenant's default in the payment of rent; to repair damages caused by Tenant(s), or by a guest or a licensee of the Tenant(s); to clean the premises, if necessary, upon termination of tenancy; and to replace or return personal property or appurtenances exclusive of ordinary wear and tear. If used toward rent or damages during the term of tenancy, Tenant(s) agrees to reinstate said total security deposit upon five (5) days' written notice delivered to Tenant(s) in person or by mail. The Department shall furnish the Tenant(s) with an itemized written statement of the basis for, and the amount of, any security received and the disposition of the security and shall return any remaining portion of the security to the Tenant(s) in accordance with California Civil Code Section 1950.5.

**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

(Form #)

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- 5) **PAYMENTS:** Tenant(s) shall make payment to the Department's mailing address or street location as indicated below:

Department of Transportation  
Attention: Cashier  
P.O. Box 168019  
Sacramento, CA 95816-3819  
Telephone Number \_\_\_\_\_

Department of Transportation  
Attention: Cashier  
1820 Alhambra Boulevard, 2<sup>nd</sup> Floor  
Sacramento, CA 95816

Tenant(s) shall include the complete Tenancy Number, \_\_-\_\_\_\_-\_\_\_\_-\_\_, on the check or other form of payment.

- 6) **LATE PAYMENT CHARGE:** Tenant(s) hereby acknowledges that Tenant's late payment to Department of rent and other sums due hereunder will cause Department to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of rent or any other sum due from Tenant(s) shall not be received by Department within ten (10) days after such amount shall be due, Tenant(s) shall pay to Department a late charge of \$\_\_\_\_\_. In no event shall the late charge exceed the maximum allowable by law. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Department will incur by reason of late payment by Tenant(s). The Department's acceptance of such late charge shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Department from exercising any of the other rights and remedies granted hereunder.

- 7) **DISHONORED CHECK CHARGE:** Tenant(s) hereby agrees:

- a) That Tenant(s) shall pay to Department a fee of \$25.00 for the first dishonored check and \$35.00 for a second dishonored check.
- b) That if Tenant(s) has two (2) dishonored checks within any twelve (12) month period, the Department will no longer accept personal checks for payments due under this Agreement.

- 8) **UTILITIES:** Tenant(s) shall pay for all utilities, including utility deposits, except \_\_\_\_\_. Tenant(s) shall contact utility providers to request that utility service be established in Tenant's name by \_\_\_\_\_, \_\_\_\_\_. In the event tenant(s) fail to establish service in tenant(s) name by above-mentioned date, this tenancy will be terminated.

In the event the Department pays any utility charge, the Department will review the utility charges at least annually or more often as needed, and with sixty-days (60-days) notice adjust the amount being charged Tenant for utilities accordingly.

- 9) **RENTAL RATE REVIEW:** The Department will review the rental rate annually and with proper notice adjust the rental rate accordingly.
-

**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

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- 10) NOTICES:** All Notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when served personally, or when made in writing and mailed addressed as follows:

Department of Transportation	Lessee:
_____	_____
Name	Name
_____	_____
_____	_____
Address	Address
_____	_____
Telephone Number	

- 11) USE:** Tenant(s) shall use the property for residential purposes only and not permit occupancy by more than \_\_\_\_\_ adults and \_\_\_\_\_ children. Tenant(s) and Tenant's heirs or successors in interest shall not let or sublet the whole or any portion of the property nor assign this tenancy to a third party. Tenant(s) shall not commit or permit waste of the property and shall comply with all laws and ordinances concerning the property and the use.
- 12) CHANGE OF TENANTS:** If at any time during this tenancy one or more of the undersigned Tenant(s) vacate the premises, the remaining Tenant(s) and the Department shall enter into a new rental agreement upon such terms and conditions as agreed between the parties. In the event such agreement cannot be reached within thirty days (30 days), either party may give notice of termination of the tenancy. The members of the tenancy created by this Agreement are jointly and severally responsible for rents and all other terms and conditions herein.
- 13) ASSIGNMENT AND SUBLETTING:** Tenant(s) shall not assign or sublet this agreement without Department's written consent.

Any request by Tenant(s) to assign this agreement shall be subject to the following:

- a) An assignment will only be allowed to a person or entity of equal or greater financial responsibility than Tenant(s).
- b) The proposed use must be the same or similar to that employed by Tenant(s).
- c) A written application from the proposed assignee is required. Tenant(s) will pay all charges incurred for verifying information in the application process.
- d) Department has the right to raise the rent to current market value upon Tenant's exercise of a right to assign.
- e) Assignment does not relieve the Tenant(s) of any duties or obligations under the agreement.
- f) Any assignment is not deemed consent to any subsequent assignment.

(NOTE: See *optional* Clauses 4 and 5 if subletting is permitted.)

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**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

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- 14) PETS:** No birds, animals, or other pets shall be kept on the premises without the Department's prior written consent. The Department has approved no birds, animals, or other pets.

or

The Department for occupancy on the property identified above has approved the following pets:

Name:	_____	Type:	_____
Color:	_____	Breed:	_____
Size:	_____	Age:	_____

Pet Application has been completed and submitted to Department:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Pet Application has been approved:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Tenant(s) and Department have executed Pet Addendum:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Department has collected Pet Security Deposit:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Pet Insurance is required:	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Tenant has submitted proof of Pet Insurance: Yes ☐ No ☐ NA ☐

- 15) SMOKE DETECTOR:** The property is equipped with a smoke detector(s), approved and listed by the State Fire Marshal. The detector(s) was (were) tested and working properly at the time of initial occupancy as demonstrated by the Department's agent. The Department's agent explained the operation of the detector(s) to the Tenant(s).

The Tenant(s) assumes the responsibility to test the detector(s) for proper operation at least once a week. The Tenant(s) will report, in writing, any malfunction of the detector(s) to the Department.

If the smoke detector is battery-operated, the Department or its agent will change the battery at least annually.

- 16) MAINTENANCE:** Tenant(s) shall keep property in a neat, clean, and orderly condition at all times during occupancy, including watering of shrubs and lawns, and shall not permit rubbish, garbage, etc., to accumulate at any time.

- 17) CONDITIONS-REPAIRS:** Department shall maintain the premises in habitable condition. Tenant(s) shall keep the property, including furnishings and equipment, if applicable, in good order and condition and shall pay the Department promptly for any damages to the property, its equipment or furnishings caused by the Tenant's negligence or misuse.

Tenant(s) shall not damage, depreciate, alter or misuse the property and may not paint or decorate the property without the Department's prior written consent. If Tenant(s) damages the property, the Tenant(s) shall pay all costs necessary to restore the property to its prior condition.

In the event habitability defects occur, Tenant(s) shall give written notice to the Department of such defects. If the Department does not repair such defects within a reasonable time of not less than thirty (30) days after such written notice, Tenant(s) may make the repairs where the cost of such repairs does not exceed one month's rent. The cost of these repairs may be deducted from the rent. This remedy is available only twice in any twelve (12) month period.

If Tenant(s) substantially contributes to the dilapidation of the premises, the remedy of "repair and deduct" referred to in the preceding paragraph is not available to Tenant(s).

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**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

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- 18) TERMINATION:** This Agreement shall be subject to cancellation and termination by either party at any time by giving the other party written notice. The Department shall give the Tenant(s) a thirty-day (30-day) or sixty-day (60-day) notice prior to the effective date of termination. The Tenant(s) shall give the Department notice in compliance with California Civil Code, Section 1946.1(b). In the event of such termination, any unearned rental paid by Tenant(s) shall be returned to Tenant(s) in accordance with the proration described in Clause 2 above.
- 19) VACATING THE PROPERTY:** Upon vacating the property, Tenant(s) agrees to leave same in as good condition as existed on the day possession was taken, allowing for ordinary and normal usage during occupancy; and to reimburse the Department for any damage done to the property caused by Tenant's occupation or tenancy other than that due to normal use. Tenant(s) shall not leave or allow to remain on the property any garbage, refuse, debris, or personal property. Tenant(s) will pay any removal costs incurred by the Department. On the date the property is vacated, Tenant agrees to deliver the property keys to the Department in person or at: \_\_\_\_\_.
- 20) RELOCATION PAYMENT:** Tenant(s) acknowledges the following: Tenant(s) commenced occupancy of the premises after Department acquired title to it, Department acquired the premises for a public project, Tenant(s) may be required to vacate the premises to allow construction of the public project, and Tenant(s) is not entitled to receive any payments under either the State or the Federal Uniform Relocation Assistance Act. (Government Code, Section 7260, et seq.; 42 United States Code, Section 4601, et seq.)
- 21) POSSESSORY INTEREST:** Tax bills inadvertently received by the Tenant(s) should be forwarded to the Department for processing.
- 22) RIGHT OF ENTRY:** Tenant(s) shall permit Department or its authorized agent to enter into and upon the property during normal business hours, subject to a twenty-four hour (24-hour) notice, for the following purposes: routine inspection, maintaining the property, installing protective or conservation devices and for showing the property to prospective purchasers and/or tenants. Department reserves its right, without notice, to enter Property in case of emergency or to prevent imminent harm to persons or property.
- 23) INSURANCE:** Department is self insured and will not keep the property insured against fire or any other insurable risk, and Lessee(s) will make no claim of any nature against Department by reason of any damage to Lessee's property in the event it is damaged or destroyed by fire or by any other cause.
- 24) INDEMNIFICATION:** Tenant(s) shall indemnify, defend, and hold the Department, its officers, agents and employees harmless from and against any loss, cost, or expense, including, but not limited to, attorney fees and court costs, resulting from any claim by any third party arising out of or connected to the actions of Tenant(s), notwithstanding the Department, its officers', agents' and employees' active or passive negligence, and/or regarding all acts and omission, including but not limited, to the willful misconduct or negligence of the Tenant(s).

Further, it is the parties intent that the indemnity provisions stated herein, apply to losses resulting from the Tenant's negligence or any cause other than the willful misconduct or sole negligence of the Department, its officers, agents or employees.

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**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

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- 25) HAZARDOUS MATERIALS:** Hazardous materials are those substances listed in California Code of Regulations, Title 22, or those which meet the toxicity, reactivity, corrosivity or flammability criteria of Title 22 of the above Code, as well as any other substance which poses a hazard to health or environment.

Except as otherwise permitted in this Agreement, Tenant(s) shall not use, create, store or allow any such substances on the premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

In no case shall Tenant(s) cause or allow the deposit or disposal of any such substance on the property described in the Preamble. However, household products necessary for routine cleaning and maintenance of the property may be kept in quantities reasonable for current needs.

Department, or its agents or contractors shall at all times have the right to go upon and inspect the property and the operations conducted thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or testing soils or underground tanks on the premises.

- 26) PENAL CODE SECTION 290.4 NOTIFICATION:** The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The database is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service.
- 27) WAIVER:** If any part of this Agreement is invalid by reason of law or governmental regulation, or if any provisions hereof are waived by the Department, the remaining portions of this Agreement shall remain in full force and effect. The receipt by the Department of rent with the knowledge of any breach of a provision of this Agreement shall not constitute a waiver of such breach.
- 28) AMENDMENTS:** The terms of this Agreement may be amended or revised by written and signed memorandum from Department to Tenant(s), upon thirty (30) days notice in writing, and said memorandum shall become a part of the original agreement and shall operate with the same force and effect as the original agreement.
- 29) PREVIOUS AGREEMENTS:** Any existing lease or rental agreement(s) between Tenant(s) and the Department (or its predecessor in interest) covering this property are terminated as of the effective date of this Agreement.
- 30) LITIGATION COSTS:** In the event that a suit is necessary to enforce any of the provisions herein contained, or to recover possession of the premises, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements.
- 31) ENCUMBRANCES:** Tenant(s) shall not encumber the rented premises in any manner whatsoever.
-

**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

(Form #)

EXHIBIT

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- 32) POSTING OF PROPERTY:** Department or its agents shall at all times have the right to serve or to post thereon any notice required or permitted by law for protection of any right or interest of the Department
- 33) HEADINGS:** The marginal or clause headings of this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part hereof.

**BREACH OF ANY OF THE ABOVE COVENANTS, TERMS, AND CONDITIONS SHALL GIVE DEPARTMENT AUTHORITY TO IMMEDIATELY TERMINATE THIS AGREEMENT.**

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
(Type Tenant's Name)

**APPROVAL RECOMMENDED**

\_\_\_\_\_  
(Type Tenant's Name)

By

\_\_\_\_\_  
(Type Right of Way Agent's Name)  
Property Management

\_\_\_\_\_  
(Type Tenant's Name)

\_\_\_\_\_  
(Type Supervisor's Name)  
(Type Supervisor's Title)

---

**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

***OPTIONAL CLAUSES******(TO BE INCLUDED IN ALL AGREEMENTS FOR RESIDENCES CONSTRUCTED PRIOR TO 1978)*****1) LEAD-BASED PAINT:**

This property was constructed prior to 1978 and may contain lead-based paint that may pose a serious health hazard, especially to children and pregnant women. A government pamphlet, "Protect Your Family from Lead in Your Home," explaining the potential health hazards resulting from exposure to such lead-based paint and the precautions you should take to avoid such health hazards, is attached and incorporated for your use.

***(TO BE USED AS NECESSARY)*****2) TENANT LIABILITY INSURANCE:** Tenant(s) shall, at Tenant's expense, take out and keep in force during tenancy:

- a) General liability insurance, in a company or companies to be approved by the Department, to protect the Department, its officers, agents, and employees against any liability to the public incident to the use of, or resulting from injury to or death of, any person occurring in, or about, the property, in the combined amount of not less than five hundred thousand dollars (\$500,000) against all claims resulting from any one accident; or,
- b) Single limit coverage of not less than five hundred thousand dollars (\$500,000) for the required public liability insurance.

Said policies shall insure to the contingent liabilities, if any, of the Department, and the officers, agents, and employees of the Department and shall obligate the insurance carriers to notify the Department, in writing, not less than thirty (30) days prior to the cancellation thereof, or any other change affecting the coverage of the policies. Tenant(s) shall furnish to the Department, either a certified copy of each and every such policy or a fully executed "Certificate of Insurance with Endorsement for Lease of State-Owned Property" (Form RW 11-18) within not more than ten (10) days after the effective date of the policy. Tenant(s) agrees that, if Tenant does not keep such insurance in full force and effect, the Department may take out insurance and pay the premiums thereon, and the repayment thereof shall be deemed to be additional rental and payable as such on the next day upon which rent becomes due hereunder.

**3) RENTAL OFFSET:**

It is understood and agreed that in consideration of a rental offset of an amount not to exceed \$\_\_\_\_\_, Tenant(s) agrees to: *(Describe work to be done)*.

Tenant(s) shall secure paid itemized bills covering materials used for the authorized work and forward them to the Department at the address specified in Clause 18 of this Agreement. Credit will only be allowed for the actual amount of the paid bills not to exceed the amount above. Tenant(s) will be paid for materials only and will not be paid for his/her labor or for the purchase of tools. Tenant(s) may not hire a third party contractor to perform the authorized work unless prior written permission from the Department is obtained.

It is further agreed that said work will be completed and paid bills received by the Department prior to \_\_\_\_\_, and that the rental credit will only be granted after inspection, by the Department, of the completed work.

*(Give a detailed description of the work to be performed.)*

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**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-A (NEW 7/2005)

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**4) (To be added to Agreement Clause 13—Assignment and Subletting—only where human habitation is permitted)**

In the event the terms of this agreement permit the subletting of portions of the property herein for human habitation, then Tenant(s) covenants and agrees to assume all the obligations and conditions to any subtenants, within the meaning of Sections 1941 and 1942 of the Civil Code.

Tenant(s) specifically waives as an obligation of Department the provisions of Sections 1941 and 1942 of the Civil Code, which read as follows:

“**1941.** Obligations of Lessor. The Lessor of a building intended for the occupation of human beings must, in the absence of an agreement to the contrary, put it into a condition fit for such occupation, and repair all subsequent dilapidation’s thereof, which render it untenable, except as are mentioned in Section 1929.”

“**1942.** If within a reasonable time after notice to the Lessor, of dilapidation’s which he ought to repair, he neglects to do so, the Lessee may repair the same himself, where the cost of such repair does not require an expenditure greater than one month’s rent of the premises, and deduct the expenses of such repairs from the rent, or the Lessee may vacate the premises, in which case he shall be discharged from further payment of rent, or performance of other conditions.”

**5) (To be added where subleasing is permitted)**

**SUBTENANT REQUIREMENT:** In the event the terms of this Agreement specifically permit subletting of all or a portion of the property herein, the following shall apply:

- a) Tenant(s) is required to furnish each new subtenant with two copies of Department’s form notice advising subtenant that no relocation payments will be made. Subtenant(s) will sign one copy and return it to Department.
- b) Tenant(s) to provide Department with a listing of all subtenants as required by Department.

**6) INVENTORY:** Tenant(s) acknowledges the premises are furnished in accordance with the attached inventory, Attachment \_\_\_\_\_, by initialing here: \_\_\_\_\_ (*Initials*).**7) LIABILITY AND PROPERTY DAMAGE INSURANCE:** Lessee(s) shall, at Lessee’s expense, take out and keep in force during the full term of the tenancy:

General liability insurance providing coverage in the amount of one million dollars (\$1,000,000) per occurrence for Bodily Injury and Property Liability combined, in a company or companies to be approved by the Department, to protect Department, its officers, agents and employees against all claims, suits or actions of every name, kind, and description brought forth, or on account of, injuries to or death of any person occurring in or about the property or on account of damage to property incident to the use of, or resulting from, any and every cause occurring in or about the property which is the subject of this lease, including any and all claims, suits or actions for damage to vehicles on the property.

With respect to third-party claims against Lessee(s), Lessee(s) waives any and all rights to any type of express or implied indemnity against Department, its officers or employees.

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**RESIDENTIAL RENTAL AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-A (NEW 7/2005)

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It is the intent of the parties that Lessee(s) will indemnify, defend and hold harmless the Department, its officers and employees from any and all claims, suits or actions as set forth above regardless of the existence or degree of fault or negligence on the part of Department, Lessee(s), the officers or employees of either of these, other than the sole negligence of Department, its officers and employees.

Nothing in this lease is intended to create the public or any member thereof a third-party beneficiary hereunder, nor is any term or condition or other provision of the lease intended to establish a standard of care owed to the public or any member thereof.

Said policies shall name Department as an additional insured and shall inure to the contingent liabilities, if any, of Department and the officers, agents and employees of Department and shall obligate the insurance carriers to notify Department, in writing, not less than thirty (30) days prior to the cancellation thereof, or any other change affecting the coverage of the policies. Lessee(s) shall furnish to Department either a certified copy of each and every such policy or a fully executed "CERTIFICATE OF INSURANCE WITH ENDORSEMENT FOR LEASE OF STATE-OWNED PROPERTY" within not more than ten (10) days after the effective date of the policy. Lessee(s) agrees that if Lessee(s) does not keep such insurance in full force and effect, Department shall have the right to immediately terminate this lease.

- 8) SECTION 8 HOUSING:** Department is renting the above-referenced property to Tenant for occupancy by Tenant's family with assistance for a tenancy under the Section 8 housing choice voucher program (voucher program) of the United States Department of Housing and Urban Development (HUD).

Department has entered into a Housing Assistance Payments Contract (HAP contract) with the local Public Housing Authority (PHA), \_\_\_\_\_, under the voucher program. Under the HAP contract, the PHA will make housing assistance payments to Department to assist Tenant in renting the property from Department.

Department has given the PHA a copy of the rental agreement, including any revisions agreed by Department and Tenant. Department certifies that the terms of the rental agreement are in accordance with all provisions of the HAP contract and that the rental agreement includes the voucher program tenancy addendum current at the time of execution of this agreement.

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Attachment \_\_\_\_\_

Inventory of  
Furnishings/Equipment

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

**LEASE AGREEMENT**

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

EXHIBIT

11-EX-B (NEW 7/2005)

Page 1 of 12

**LEASE AGREEMENT****Tenancy Number** \_\_\_\_\_

THIS LEASE is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_, California, by and between the State of California, Department of Transportation, hereinafter known as Department, and \_\_\_\_\_, hereinafter known as Lessee, whose address is \_\_\_\_\_, California.

**WITNESSETH**

- 1) **DESCRIPTION:** The Department, in consideration of the payment of the rent hereinafter specified to be paid by the Lessee(s), and the covenants and agreements herein contained, does hereby lease, demise, and let unto Lessee(s) that certain property in the County of \_\_\_\_\_, State of California, the address of which is \_\_\_\_\_, and legally described as:

Including the following improvements: (use attachment)

\* Excepting (e.g., outdoor advertising signs, etc.)

- 2) **TERM:** This lease shall be for a term of \_\_\_\_\_ (\_\_\_\_) years, commencing on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, with the right of cancellation and termination in both Department and Lessee(s) as hereinafter set forth.

- 3) **RENT:** The rent shall be paid by the Lessee(s) monthly, in advance, on the first (1<sup>st</sup>) day of each month during said term, in lawful money of the United States, as follows:

*or*

The rent shall be paid by the Lessee(s) annually, in advance, on the first (1<sup>st</sup>) day of the month identified in Clause 2 during said term, in lawful money of the United States, as follows:

Rent payable or refundable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on a thirty-day (30-day) month.

- 4) **RECEIPT OF MONIES PAID:** Department acknowledges receipt of monies paid by Lessee(s) in the amount of \$\_\_\_\_\_, for the following purposes:

Rent	\$	_____
Security	\$	_____

**LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

Page 2 of 12

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5) **SECURITY DEPOSIT:** Lessee(s) shall deposit with Department \$\_\_\_\_\_ as a guarantee for faithful performance of the conditions of this Lease. Department may use such amounts as are reasonably necessary to remedy Lessee(s) default in the payment of rent; to repair damages caused by Lessee(s), or by a guest or a licensee of the Lessee(s); to clean the premises, if necessary, upon termination of tenancy; and to replace or return personal property or appurtenances exclusive of ordinary wear and tear. If used toward rent or damages during the term of tenancy, Lessee(s) agrees to reinstate said total security deposit upon five (5) days' written notice delivered to Lessee(s) in person or by mail. Department shall furnish the Lessee(s) with an itemized written statement of the basis for, and the amount of, any security received and the disposition of the security and shall return any remaining portion of the security to Lessee(s) in accordance with California Civil Code Section 1950.5.

6) **PAYMENTS:** All rental payments shall be made payable to the Department of Transportation. Lessee(s) shall make payment to Department's mailing address or street location as indicated below:

Department of Transportation  
Attention: Cashier  
P.O. Box 168019  
Sacramento, CA 95816-3819  
Telephone Number \_\_\_\_\_

Department of Transportation  
Attention: Cashier  
1820 Alhambra Boulevard, 2<sup>nd</sup> Floor  
Sacramento, CA 95816

Lessee(s) shall include the complete Tenancy Number, \_\_\_\_-\_\_\_\_-\_\_\_\_-\_\_\_\_, on the check or other form of payment.

7) **LATE PAYMENT CHARGE:** Lessee(s) hereby acknowledges that late payment by Lessee(s) to Department of rent and other sums due hereunder will cause Department to incur costs not contemplated by this lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of rent or any other sum due from Lessee(s) shall not be received by Department within ten (10) days after such amount shall be due, Lessee(s) shall pay to Department a late charge of \$\_\_\_\_\_. In no event shall the late charge exceed the maximum allowable by law. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Department will incur by reason of Lessee's late payment. Acceptance of such late charge by Department shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Department from exercising any of the other rights and remedies granted hereunder.

8) **DISHONORED CHECK CHARGE:** Lessee(s) hereby agrees:

- a) That Lessee(s) shall pay to Department a fee of \$25.00 for the first dishonored check and \$35.00 for a second dishonored check.
- b) That if Lessee(s) has two (2) dishonored checks within any twelve (12) month period, the Department will no longer accept personal checks for payments due under this Lease.

9) **UTILITIES:** Lessee(s) shall pay when due all utility and other charges accruing or payable, including utility deposits, in connection with Lessee(s) use of the property during the term of this lease. Lessee(s) shall contact utility providers to request that utility service be established in Lessee's name by \_\_\_\_\_, \_\_\_\_\_. In the event Lessee(s) fails to establish service in Lessee(s) name by above-mentioned date, this Lease will be terminated.

If the Department is paying any or all utility charges, and passing those costs on the Lessee(s), the Department will review the utility charges at least annually, or more often if needed, and with a sixty-day (60-day) notice adjust the amount being charged to Lessee for utilities accordingly.

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**LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

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- 10) NOTICES:** All Notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when served personally, or when made in writing and mailed addressed as follows: To Lessee(s) at the above-stated and to Department at:

Department of Transportation

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(Address)

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(Telephone Number)

The address to which the notices shall be mailed to either party shall be changed by written notice by either party to the other, but nothing herein shall preclude the giving of notice by personal service. Department shall also be able to serve notices by posting and subsequent mailing to Lessee(s).

- 11) USE:** Lessee(s) shall use the property for the following purposes only:

- a) 

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- b) Lessee(s) shall not commit, suffer, or permit any waste on said property.
- c) Lessee(s) shall comply with all Federal, State, and local laws and ordinances concerning said property and the use thereof.

- 12) ASSIGNMENT AND SUBLETTING:** Lessee(s) shall not assign or sublet this lease without Department's written consent.

Any request by Lessee(s) to assign this lease shall be subject to the following:

- a) An assignment will only be allowed to a person or entity of equal or greater financial responsibility than Lessee(s).
- b) The proposed use must be the same or similar to that employed by Lessee(s).
- c) A written application from the proposed assignee is required. Lessee(s) will pay all charges incurred for verifying information in the application process.
- d) Department has the right to raise the rent to current market value upon Lessee's exercise of a right to assign.
- e) Assignment does not relieve the Lessee(s) of any duties or obligations under the lease.
- f) Any assignment is not deemed a consent to any subsequent assignment.

(NOTE: See *optional* Clauses 3 and 4 if subletting is permitted.)

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**LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

Page 4 of 12

- 13) PETS:** No birds, animals, or other pets shall be kept on the premises without the Department's prior written consent. The Department has approved no birds, animals, or other pets.

*or*

The Department for occupancy on the property identified above has approved the following pets:

Name:	_____	Type:	_____
Color:	_____	Breed:	_____
Size:	_____	Age:	_____

Pet Application has been completed and submitted to Department:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Pet Application has been approved:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Tenant(s) and Department have executed Pet Addendum:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Department has collected Pet Security Deposit:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Pet Insurance is required:	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Tenant has submitted proof of Pet Insurance: Yes ☐ No ☐ NA ☐

- 14) MAINTENANCE:** Lessee(s) shall keep property in a neat, clean, and orderly condition at all times during occupancy, including watering of shrubs and lawns (if applicable), and shall not permit rubbish, garbage, etc., to accumulate at any time.
- 15) CONDITIONS AND REPAIRS:** Lessee(s) shall not call on Department to make any improvements or repairs on the property, but Lessee(s) hereby specifically covenants and agrees to keep the property including furnishings and equipment, if applicable, in good order and condition at Lessee's cost and expense. Lessee(s) further agrees to provide an adequate number of garbage and trash receptacles in clean condition and good repair. Department agrees to maintain the exterior walls, roof, main sewer and water service lines to building, and any other major repairs as deemed necessary and in the best interest of Department.
- 16) ALTERATIONS:** Lessee(s) shall not make or suffer any alteration to be made in or on the property without Department's written consent.
- 17) TERMINATION:** This Lease shall be subject to cancellation or termination by either party at any time during the term hereof by giving the other party notice in writing at least \_\_\_\_\_ days next prior to the date when such termination shall become effective. The Department will refund to Lessee(s) any unused rent upon termination by either party prior to the Lease expiration date in Clause 2.
- 18) VACATING THE PROPERTY:** At the expiration of the term, or any sooner termination of this lease, Lessee(s) agrees to quit and surrender possession of the property and its appurtenances to Department in as good order and condition as the property was delivered to the Lessee(s). Lessee(s) agrees to reimburse the Department for any damage done to the property caused by Lessee(s) occupation or tenancy excepting reasonable wear and tear and damage by the elements. Lessee(s) shall not leave or allow to remain on the property any garbage, refuse, debris, or personal property. Lessee(s) will pay Department any removal costs incurred by Department. On the date the property is vacated, Lessee(s) agrees to deliver the property keys to the Department in person or at: \_\_\_\_\_.

## LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

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- 19) RELOCATION PAYMENT:** Lessee(s) acknowledges the following: Lessee(s) commenced occupancy of the premises after Department acquired title to it, Department acquired the premises for a public project, Lessee(s) may be required to vacate the premises to allow construction of the public project, and Lessee(s) is not entitled to receive any payments under either the State or the Federal Uniform Relocation Assistance Act. (Government Code, Section 7260, et seq.; 42 United States Code, Section 4601, et seq.)
- 20) POSSESSORY INTEREST:** Tax bills inadvertently received by Lessee(s) should be forwarded to Department for processing.
- 21) RIGHT OF ENTRY:** Lessee(s) shall permit Department or its authorized agent to enter into and upon the property during normal business hours, subject to a twenty-four hour (24-hour) notice, for the following purposes: routine inspection, maintaining the property, installing protective or conservation devices and for showing the property to prospective purchasers and/or tenants. Department reserves its right, without notice, to enter property in case of emergency or to prevent imminent harm to persons or property.
- 22) INSURANCE:** Department is self insured and will not keep the property insured against fire or any other insurable risk, and Lessee(s) will make no claim of any nature against Department by reason of any damage to Lessee's property in the event it is damaged or destroyed by fire or by any other cause.
- 23) LIABILITY AND PROPERTY DAMAGE INSURANCE:** Lessee(s) shall, at Lessee's expense, take out and keep in force during the full term of the tenancy:

General liability insurance providing coverage in the amount of one million dollars (\$1,000,000) per occurrence for Bodily Injury and Property Liability combined, in a company or companies to be approved by the Department, to protect Department, its officers, agents and employees against all claims, suits or actions of every name, kind, and description brought forth, or on account of, injuries to or death of any person occurring in or about the property or on account of damage to property incident to the use of, or resulting from, any and every cause occurring in or about the property which is the subject of this lease, including any and all claims, suits or actions for damage to vehicles on the property.

With respect to third-party claims against Lessee(s), Lessee(s) waives any and all rights to any type of express or implied indemnity against Department, its officers or employees.

It is the intent of the parties that Lessee(s) will indemnify, defend and hold harmless the Department, its officers and employees from any and all claims, suits or actions as set forth above regardless of the existence or degree of fault or negligence on the part of Department, Lessee(s), the officers or employees of either of these, other than the sole negligence of Department, its officers and employees.

Nothing in this lease is intended to create the public or any member thereof a third-party beneficiary hereunder, nor is any term or condition or other provision of the lease intended to establish a standard of care owed to the public or any member thereof.

Said policies shall name Department as an additional insured and shall inure to the contingent liabilities, if any, of Department and the officers, agents and employees of Department and shall obligate the insurance carriers to notify Department, in writing, not less than thirty (30) days prior to the cancellation thereof, or any other change affecting the coverage of the policies. Lessee(s) shall furnish to Department either a certified copy of each and every such policy or a fully executed "CERTIFICATE OF INSURANCE WITH ENDORSEMENT FOR LEASE OF STATE-OWNED PROPERTY" within not more than ten (10) days after the effective date of the policy. Lessee(s) agrees that if Lessee(s) does not keep such insurance in full force and effect, Department shall have the right to immediately terminate this lease.

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## LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

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- 24) INDEMNIFICATION:** Lessee(s) shall indemnify, defend, and hold the Department, its officers, agents and employees harmless from and against any loss, cost, or expense, including, but not limited to, attorney fees and court costs, resulting from any claim by any third party arising out of or connected to the actions of Lessee(s), notwithstanding Department's, its officers', agents' and employees' active or passive negligence, and/or regarding all acts and omission, including but not limited, to the willful misconduct or negligence of the Lessee(s).

Further, it is the parties intent that the indemnity provisions stated herein, apply to losses resulting from Lessee's negligence or any cause other than the willful misconduct or sole negligence of Department, its officers, agents or employees.

- 25) HAZARDOUS MATERIALS:** Hazardous materials are those substances listed in California Code of Regulations, Title 22, Section 66261.126, Appendix X, or those which meet the toxicity, reactivity, corrosivity or flammability criteria of Title 22 of the above Code, as well as any other substance which poses a hazard to health or environment.

Except as otherwise permitted in this lease, Lessee(s) shall not use, create, store or allow any such substances on the premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

In no case shall Lessee(s) cause or allow the deposit or disposal of any such substance on the leased property. However, household products necessary for routine cleaning and maintenance of the property may be kept on the leased premises in quantities reasonable for current needs.

Department, or its agents or contractors shall at all times have the right to go upon and inspect the leased premises and the operations conducted thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or testing soils or underground tanks on the premises.

**(Insert if appropriate):** The following substances may be present on the leased premises, provided that they are contained and used in accordance with all applicable local, State and Federal laws and regulations: (If needed, add "as well as the requirements set forth below":)

**(List)** (special quantity, storage, container, etc., requirements)

**(If appropriate):** Where hazardous waste is generated on site, the facility must be fully permitted by the California Department of Health Services, and all conditions of the permit must be complied with.

Breach of any of these covenants, terms, and conditions shall give Department authority to immediately terminate this lease. It is the intent of the parties hereto that Lessee(s) shall be responsible for and bear the entire cost of removal and disposal of hazardous materials or waste introduced to the premises during Lessee's period of use and possession as owner, operator or Lessee(s) of the property. Lessee(s) shall also be responsible for any cleanup and decontamination on or off the leased premises necessitated by such materials or waste.

Lessee(s) shall further hold the State, and any officer or employee, harmless from all responsibility, liability and claim for damages resulting from the presence or use of hazardous materials on the premises during Lessee's period of use and possession.

**(To be added where one or more underground tanks are located on property:)** Lessee(s) acknowledges receiving from Department a copy of Permit No. (s) \_\_\_\_\_ issued by (local agency), authorizing operation of the underground storage facility(ies) located on the leased premises, together with a copy of Sections 25286, 25294, 25295, 25298 and 25299 of the California Health and Safety Code. Lessee(s) hereby agrees to monitor the underground storage tank(s) as set forth in said permit(s) and agrees to abide by all local, State and Federal regulations governing underground storage tanks for hazardous materials/hazardous wastes.

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**LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

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- 26) WAIVER:** If any part of this Lease is invalid by reason of law or governmental regulation, or if any provisions hereof are waived by Department, the remaining portions of this Lease shall remain in full force and effect. Department's receipt of rent with the knowledge of any breach of a provision of this Lease shall not constitute a waiver of such breach.
- 27) AMENDMENTS:** The terms of the lease may be, in writing, amended, revised, altered, or changed, by mutual consent of the parties hereto upon thirty (30) days' written notice. Any amendment, revision, alteration, or change shall operate with the same force and effect as the original agreement.
- 28) PREVIOUS AGREEMENTS:** Any existing Lease or Rental Agreement between Lessee(s) and Department (or its predecessor in interest) covering this property are terminated as of the effective date of this Lease.
- 29) LITIGATION COSTS:** In the event that a suit is necessary to enforce any of the provisions herein contained, or to recover possession of the premises, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements.
- 30) HOLD OVER:** Should Lessee(s) hold over after the expiration of the term of this lease with Department's consent, express or implied, the tenancy shall be deemed to be a tenancy only from month to month, subject otherwise to all the terms and conditions of this lease so far as applicable.
- 31) NONDISCRIMINATION:** The Lessee(s), for themselves, their heirs, personal representatives, successors in interest, and assigns as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that Lessee(s) shall maintain and operate any facilities on the land or services offered thereon in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
- Lessee(s) also agrees that in the event of breach of any of the above nondiscrimination covenants, the State of California shall have the right to terminate the lease and to reenter and repossess said land and the facilities thereon and hold the same as if said lease had never been made or issued.
- 32) ENCUMBRANCES:** Lessee(s) shall not encumber the rented premises in any manner whatsoever.
- 33) ASSIGNMENT FOR BENEFIT OF CREDITORS, INSOLVENCY, OR BANKRUPTCY:** Appointment of a receiver to take possession of Lessee's assets, Lessee's general assignment for benefit of creditors, or Lessee's insolvency or taking or suffering action under the Bankruptcy Act is a breach of this lease and this lease shall terminate.
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**LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

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**34) POSTING OF PROPERTY:** Department or its agents shall at all times have the right to serve or to post thereon any notice required or permitted by law for protection of any right or interest of the Department.

**35) HEADINGS:** The marginal or clause headings of this lease are not a part of this lease and shall have no effect upon the construction or interpretation of any part hereof.

**BREACH OF ANY OF THE ABOVE COVENANTS, TERMS, AND CONDITIONS SHALL GIVE EITHER PARTY AUTHORITY TO IMMEDIATELY TERMINATE THIS LEASE.**

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
(Type Lessee's Name)

\_\_\_\_\_  
(Type Lessee's Name)

**APPROVAL RECOMMENDED**

By

\_\_\_\_\_  
(Type Right of Way Agent's Name)

Property Management

\_\_\_\_\_  
(Type Supervisor's Name)

(Type Supervisor's Title)

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

**(OPTIONAL CLAUSES TO BE USED AS NEEDED)**

**1) (To be used per Section 11.04.03.00 - Lease Term)**

**CPI ESCALATION CLAUSE:** The monthly rent provided for in lease clause \_\_\_\_\_ shall be subject to adjustment at the commencement of the \_\_\_\_\_ year of the term and every \_\_\_\_\_ year(s) thereafter, as follows:

The base for computing the adjustment is the Consumer Price Index for All Urban Consumers for \_\_\_\_\_, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is published for the period two months prior to the date of the commencement of the term ("Beginning Index"). If the Index published for the period two months prior to the adjustment date ("Adjustment Index") has increased over the Beginning Index, the monthly rent for the following \_\_\_\_\_ year period shall be set by multiplying the monthly rent set forth in lease clause \_\_\_\_\_ by a fraction, the numerator of which is the Adjustment Index and denominator of which is the Beginning Index. In no case shall the adjusted monthly rent be less than the monthly rent set forth in lease clause \_\_\_\_\_.

If the Index is changed so that the base year differs from that used as of the period two months prior to the date on which the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event Department and Lessee(s) fail to agree on the selection of a replacement price index, the selection of the same shall be determined by the Presiding Judge of the Superior Court of the State of California in \_\_\_\_\_ County, and his decision shall be final and conclusive upon the parties.

\*U.S. City Average, San Francisco/Oakland, San Diego or Los Angeles/Long Beach-whichever is most appropriate.

**2) LEVEL OR GRADUATED RENT ESCALATION CLAUSE (Insert as Clause 3) (RENT)**

Lessee(s) shall pay the rent monthly, in advance, on the \_\_\_\_\_ day of each month during said term, in lawful money of the United States, as follows:

- (when flat rate for full term of lease):  
\$ \_\_\_\_\_ per month (year) from \_\_\_\_\_ through \_\_\_\_\_
- (when provisions for annual step increases):  
\$ \_\_\_\_\_ per month (year) from \_\_\_\_\_ through \_\_\_\_\_  
(use additional lines as necessary).

[**NOTE:** In case subletting is permitted, the agent will rewrite Clause 16 accordingly and add optional Clause 2 (below) to Clause 16 if human habitation is permitted. Also add optional Clause 3 (below) as a separate clause.]

**LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

Page 10 of 12

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**3) (To be added to Lease Clause 12, Assignment and Subletting, only where human habitation is permitted)**

In the event the terms of this lease permit the subletting of portions of the property herein for human habitation, then Lessee(s) covenants and agrees to assume all the obligations and conditions to any subtenants, within the meaning of Sections 1941 and 1942 of the Civil Code.

Lessee(s) specifically waives as an obligation of Department the provisions of Sections 1941 and 1942 of the Civil Code, which read as follows:

“**1941.** Obligations of Lessor. The Lessor of a building intended for the occupation of human beings must, in the absence of an agreement to the contrary, put it into a condition fit for such occupation, and repair all subsequent dilapidation's thereof, which render it untenable, except as are mentioned in Section 1929.”

“**1942.** If within a reasonable time after notice to the Lessor, of dilapidation's which he ought to repair, he neglects to do so, the Lessee may repair the same himself, where the cost of such repair does not require an expenditure greater than one month's rent of the premises, and deduct the expenses of such repairs from the rent, or the Lessee may vacate the premises, in which case he shall be discharged from further payment of rent, or performance of other conditions.”

**4) (To be added where subleasing is permitted) Clause 12**

**SUBTENANT REQUIREMENT:** In the event the terms of this Lease specifically permit subletting of all or a portion of the property herein, the following shall apply:

- a) Lessee(s) is required to furnish each new Tenant with two copies of Department's form notice advising that no relocation payments will be made. Lessee(s) will sign one copy and return it to Department.
- b) Lessee(s) to provide Department with a listing of all subtenants as required by Department.

(Add the following subsection where there are inherited Tenants. See Exhibit 11-EX-23, page 6, for example of Exhibit A.)

- c) It is specifically agreed and understood that Lessee(s) shall not terminate the tenancy of the named Tenants in Exhibit A, which is hereby made a part of this Lease, without Department's written approval, and will notify Department when said Tenants named in Exhibit A vacate the premises.

**5) (To be included in all agreements for residences constructed prior to 1978)**

**LEAD-BASED PAINT:** This property was constructed prior to 1978 and may contain lead-based paints that may pose a serious health hazard, especially to children and pregnant women. A government pamphlet, “Protect Your Family from Lead in Your Home,” explaining the potential health hazards resulting from exposure to such lead-based paint and the precautions you should take to avoid such health hazards, is attached and incorporated for your use.

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**LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-B (NEW 7/2005)

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- 6) **OFFSETS:** It is understood and agreed that in consideration of a rental offset of an amount not to exceed \$\_\_\_\_\_, Lessee(s) agrees to: *(Describe work to be done in detail)*.

Lessee(s) shall secure paid itemized bills covering materials used for the authorized work and forward them to the Department at the address specified in Clause 13 of this Lease. Credit will only be allowed for the actual amount of the paid bills not to exceed the amount specified above. Lessee(s) will be paid for materials only and will not be paid for his/her labor or for the purchase of tools. Lessee(s) may not hire a third party contractor to perform the authorized work unless prior written permission from the Department is obtained.

It is further agreed that said work would be completed and paid bills received by the Department prior to \_\_\_\_\_, and that the rental credit will only be granted after inspection by the Department, of the completed work.

- 7) **INVENTORY:** Lessee(s) acknowledges the premises are furnished in accordance with the attached inventory, Attachment \_\_\_\_\_, by initialing here: \_\_\_\_\_ *(Initials)*.
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Attachment \_\_\_\_\_

Inventory of  
Furnishings/Equipment

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

**AGRICULTURAL LEASE AGREEMENT**

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

EXHIBIT

11-EX-C (NEW 7/2005)

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**AGRICULTURAL LEASE AGREEMENT****Tenancy Number** \_\_\_\_\_

THIS LEASE is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_, California, by and between the State of California, Department of Transportation, hereinafter known as Department, and \_\_\_\_\_, hereinafter known as Lessee(s), whose address is \_\_\_\_\_, California.

**WITNESSETH**

- 1) **DESCRIPTION:** Department, in consideration of the payment of the rent hereinafter specified to be paid by the Lessee(s), and the covenants and agreements herein contained, does hereby lease, demise, and let unto Lessee(s) that certain property in the County of \_\_\_\_\_, State of California, containing \_\_\_\_\_ acres, more or less, as shown on the sketch attached hereto and made a part hereof, and legally described as follows:

Including the following improvements: (use attachment)

- 2) **TERM:** This Lease shall be for a term of \_\_\_\_ (\_\_\_\_) years, commencing on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, with the right of cancellation and termination in both Department and Lessee(s) as hereinafter set forth.
- 3) **RENT:** The rent shall be paid by the Lessee(s) monthly, in advance, on the first (1<sup>st</sup>) day of each month during said term, in lawful money of the United States, as follows:

*or*

The rent shall be paid by Lessee(s) annually, in advance, on the first (1<sup>st</sup>) day of the month identified in Clause 2 during said term, in lawful money of the United States, as follows:

Rent payable or refundable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on a thirty-day (30-day) month.

- 4) **RECEIPT OF MONIES PAID:** Department acknowledges receipt of monies paid by Lessee(s) in the amount of \$\_\_\_\_\_, for the following purposes:

Rent	\$	_____
Security	\$	_____

**AGRICULTURAL LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-C (NEW 7/2005)

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5) **SECURITY DEPOSIT:** Lessee(s) shall deposit with Department \$\_\_\_\_\_ as a guarantee for faithful performance of the conditions of this Lease. Department may use such amounts as are reasonably necessary to remedy Lessee(s) default in the payment of rent; to repair damages caused by Lessee(s), or by a guest or a licensee of the Lessee(s); to clean the premises, if necessary, upon termination of tenancy; and to replace or return personal property or appurtenances exclusive of ordinary wear and tear. If used toward rent or damages during the term of tenancy, Lessee(s) agrees to reinstate said total security deposit upon five (5) days' written notice delivered to Lessee(s) in person or by mail. Department shall furnish Lessee(s) with an itemized written statement of the basis for, and the amount of, any security received and the disposition of the security and shall return any remaining portion of the security to Lessee(s) in accordance with California Civil Code Section 1950.5.

6) **PAYMENTS:** All rental payments shall be made payable to the Department of Transportation. Lessee(s) shall make payment to Department's mailing address or street location as indicated below:

Department of Transportation  
Attention: Cashier  
P.O. Box 168019  
Sacramento, CA 95816-3819  
Telephone Number: \_\_\_\_\_

Department of Transportation  
Attention: Cashier  
1820 Alhambra Boulevard, 2<sup>nd</sup> Floor  
Sacramento, CA 95816

Lessee(s) shall include the complete Tenancy Number, \_\_\_\_-\_\_\_\_-\_\_\_\_-, on the check or other form of payment.

7) **LATE PAYMENT CHARGE:** Lessee(s) hereby acknowledges that Lessee's late payment to Department of rent and other sums due hereunder will cause Department to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of rent or any other sum due from Lessee(s) shall not be received by Department within ten (10) days after such amount shall be due, Lessee(s) shall pay to Department a late charge of \$\_\_\_\_\_. In no event shall the late charge exceed the maximum allowable by law. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Department will incur by reason of late payment by Lessee(s). Department's acceptance of such late charge shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Department from exercising any of the other rights and remedies granted hereunder.

8) **DISHONORED CHECK CHARGE:** Lessee(s) hereby agrees:

- a) That Lessee(s) shall pay to Department a fee of \$25.00 for the first dishonored check and \$35.00 for a second dishonored check.
- b) That if Lessee(s) has two (2) dishonored checks within any twelve (12) month period, the Department will no longer accept personal checks for payments due under this Lease.

9) **UTILITIES:** Lessee shall pay when due all utility and other charges accruing or payable, including utility deposits, in connection with Lessee(s) use of the property during the term of this lease. Lessee(s) shall contact utility providers to request that utility service be established in Lessee's name by \_\_\_\_\_, \_\_\_\_\_. In the event Lessee(s) fails to establish service in Lessee(s) name by above-mentioned date, this Lease will be terminated.

If the Department is paying any or all utility charges, and passing those costs on the Lessee(s), the Department will review the utility charges at least annually, or more often if needed, and with a sixty-day (60-day) notice adjust the amount being charged to Lessee(s) for utilities accordingly.

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**AGRICULTURAL LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-C (NEW 7/2005)

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- 10) NOTICES:** All Notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when served personally, or when made in writing and mailed addressed as follows: To Lessee(s) at the above-stated and to Department at:

Department of Transportation

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(Address)

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(Telephone Number)

The address to which the notices shall be mailed to either party shall be changed by written notice by either party to the other, but nothing herein shall preclude the giving of notice by personal service. Department shall also be able to serve notices by posting and subsequent mailing to Lessee(s).

- 11) USE:** Lessee(s) shall use the property for the following purposes only:

- a) 

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- b) Lessee(s) shall not commit, suffer, or permit any waste on said property.
- c) Lessee(s) shall comply with all Federal, State, and local laws and ordinances concerning said property and the use thereof.
- d) Lessee(s) shall cultivate, irrigate, fertilize, prune, and otherwise farm the property in accordance with approved practices of good husbandry and in accordance with the standard farming practices of the vicinity, and to keep any buildings, fences, irrigation or other farming facilities on the property in good repair.
- e) Lessee(s) shall not permit hunting on the premises.

- 12) ASSIGNMENT AND SUBLETTING:** Lessee(s) shall not assign or sublet this lease without Department's written consent.

Any request by Lessee(s) to assign this lease shall be subject to the following:

- a) An assignment will only be allowed to a person or entity of equal or greater financial responsibility than Lessee(s).
- b) The proposed use must be the same or similar to that employed by Lessee(s).
- c) A written application from the proposed assignee is required. Lessee(s) will pay all charges incurred for verifying information in the application process.
- d) Department has the right to raise the rent to current market value upon Lessee's exercise of a right to assign.
- e) Assignment does not relieve the Lessee(s) of any duties or obligations under the lease.
- f) Any assignment is not deemed a consent to any subsequent assignment.

(NOTE: See *optional* Clause 3 if subletting is permitted.)

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# AGRICULTURAL LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-C (NEW 7/2005)

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- 13) MAINTENANCE:** Lessee(s) shall keep property in a neat, clean, and orderly condition at all times during occupancy, including watering of shrubs and lawns (if applicable), and shall not permit rubbish, garbage, etc., to accumulate at any time.
- 14) CONDITIONS AND REPAIRS:** Lessee(s) shall not call on Department to make any improvements or repairs on the property of any nature whatsoever and agrees to keep the same in good order and condition at Lessee's own cost and expense.
- 15) ALTERATIONS:** Lessee(s) shall not make or suffer any alteration to be made in or on the property without Department's written consent.
- 16) TERMINATION:** This Lease shall be subject to cancellation or termination by either party at any time during the term hereof by giving the other party notice in writing at least \_\_\_\_\_ days next prior to the date when such termination shall become effective. The Department will refund to Lessee(s) any unused rent upon termination by either party prior to the Lease expiration date in Clause 2.
- 17) RELOCATION PAYMENT:** Lessee(s) acknowledges the following: Lessee(s) commenced occupancy of the premises after Department acquired title to it, Department acquired the premises for a public project, Lessee(s) may be required to vacate the premises to allow construction of the public project, and Lessee(s) is not entitled to receive any payments under either the State or the Federal Uniform Relocation Assistance Act. (Government Code, Section 7260, et seq.; 42 United States Code, Section 4601, et seq.)
- 18) VACATING THE PROPERTY:** At the expiration of the term, or any sooner termination of this lease, Lessee(s) agrees to quit and surrender possession of the property and its appurtenances to Department in as good order and condition as the property was delivered to the Lessee(s). Lessee(s) agrees to reimburse the Department for any damage done to the property caused by Lessee(s) occupation or tenancy excepting reasonable wear and tear and damage by the elements. Lessee(s) shall not leave or allow to remain on the property any garbage, refuse, debris, or personal property. Lessee(s) will pay Department any removal costs incurred by Department. On the date the property is vacated, Lessee(s) agrees to deliver the property keys to the Department in person or at: \_\_\_\_\_.
- 19) POSSESSORY INTEREST:** Tax bills inadvertently received by Lessee(s) should be forwarded to Department for processing.
- 20) RIGHT OF ENTRY:** Lessee(s) shall permit Department or its authorized agent to enter into and upon the property during normal business hours, subject to a twenty-four hour (24-hour) notice, for the following purposes: routine inspection, maintaining the property, installing protective or conservation devices and for showing the property to prospective purchasers and/or tenants. Department reserves its right, without notice, to enter property in case of emergency or to prevent imminent harm to persons or property.
- 21) INSURANCE:** Department is self insured and will not keep the property insured against fire or any other insurable risk, and Lessee(s) will make no claim of any nature against Department by reason of any damages to Lessee's property in the event it is damaged or destroyed by fire or by any other cause.
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- 22) LIABILITY AND PROPERTY DAMAGE INSURANCE:** Lessee(s) shall, at Lessee's expense, take out and keep in force during the full term of the tenancy:

General liability insurance providing coverage in the amount of one million dollars (\$1,000,000) per occurrence for Bodily Injury and Property Liability combined, in a company or companies to be approved by the Department, to protect Department, its officers, agents and employees against all claims, suits or actions of every name, kind, and description brought forth, or on account of, injuries to or death of any person occurring in or about the property or on account of damage to property incident to the use of, or resulting from, any and every cause occurring in or about the property which is the subject of this lease, including any and all claims, suits or actions for damage to vehicles on the property.

With respect to third-party claims against Lessee(s), Lessee(s) waives any and all rights to any type of express or implied indemnity against Department, its officers or employees.

It is the intent of the parties that Lessee(s) will indemnify, defend and hold harmless the Department, its officers and employees from any and all claims, suits or actions as set forth above regardless of the existence or degree of fault or negligence on the part of Department, Lessee(s), the officers or employees of either of these, other than the sole negligence of Department, its officers and employees.

Nothing in this lease is intended to create the public or any member thereof a third-party beneficiary hereunder, nor is any term or condition or other provision of the lease intended to establish a standard of care owed to the public or any member thereof.

Said policies shall name Department as an additional insured and shall inure to the contingent liabilities, if any, of Department and the officers, agents and employees of Department and shall obligate the insurance carriers to notify Department, in writing, not less than thirty (30) days prior to the cancellation thereof, or any other change affecting the coverage of the policies. Lessee(s) shall furnish to Department either a certified copy of each and every such policy or a fully executed "CERTIFICATE OF INSURANCE WITH ENDORSEMENT FOR LEASE OF STATE-OWNED PROPERTY" within not more than ten (10) days after the effective date of the policy. Lessee(s) agrees that if Lessee(s) does not keep such insurance in full force and effect, Department shall have the right to immediately terminate this lease.

- 23) INDEMNIFICATION:** Lessee(s) shall indemnify, defend, and hold the Department, its officers, agents and employees harmless from and against any loss, cost, or expense, including, but not limited to, attorney fees and court costs, resulting from any claim by any third party arising out of or connected to the actions of Lessee(s), notwithstanding Department's, its officers', agents' and employees' active or passive negligence, and/or regarding all acts and omission, including but not limited, to the willful misconduct or negligence of the Lessee(s).

Further, it is the parties intent that the indemnity provisions stated herein, apply to losses resulting from Lessee's negligence or any cause other than the willful misconduct or sole negligence of Department, its officers, agents or employees.

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# AGRICULTURAL LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-C (NEW 7/2005)

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- 24) HAZARDOUS MATERIALS:** Hazardous materials are those substances listed in California Code of Regulations, Title 22, Section 66261.126, Appendix X, or those which meet the toxicity, reactivity, corrosivity or flammability criteria of Title 22 of the above Code, as well as any other substance which poses a hazard to health or environment.

Except as otherwise permitted in this Lease, Lessee(s) shall not use, create, store or allow any such substances on the premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

In no case shall Lessee(s) cause or allow the deposit or disposal of any such substance on the leased property. However, household products necessary for routine cleaning and maintenance of the property may be kept on the leased premises in quantities reasonable for current needs.

Department, or its agents or contractors shall at all times have the right to go upon and inspect the leased premises and the operations conducted thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing and/or testing soils or underground tanks on the premises.

**(Insert if appropriate):** The following substances may be present on the leased premises, provided that they are contained and used in accordance with all applicable local, State and Federal laws and regulations: (If needed, add "as well as the requirements set forth below":)

**(List)** (special quantity, storage, container, etc., requirements)

**(If appropriate):** Where hazardous waste is generated on site, the facility must be fully permitted by the California Department of Health Services, and all conditions of the permit must be complied with.

Breach of any of these covenants, terms, and conditions shall give Department authority to immediately terminate this lease. It is the intent of the parties hereto that Lessee(s) shall be responsible for and bear the entire cost of removal and disposal of hazardous materials or waste introduced to the premises during Lessee's period of use and possession as owner, operator or Lessee(s) of the property. Lessee(s) shall also be responsible for any cleanup and decontamination on or off the leased premises necessitated by such materials or waste.

Lessee(s) shall further hold the State, and any officer or employee, harmless from all responsibility, liability and claim for damages resulting from the presence or use of hazardous materials on the premises during Lessee's period of use and possession.

**(To be added where one or more underground tanks are located on property):** Lessee(s) acknowledges receiving from Department a copy of Permit No.(s) \_\_\_\_\_ issued by (local agency), authorizing operation of the underground storage facility(ies) located on the leased premises, together with a copy of Sections 25286, 25294, 25295, 25298 and 25299 of the California Health and Safety Code. Lessee(s) hereby agrees to monitor the underground storage tank(s) as set forth in said permit(s) and agrees to abide by all local, State and Federal regulations governing underground storage tanks for hazardous materials/hazardous wastes.

- 25) WAIVER:** If any part of this Lease is invalid by reason of law or governmental regulation, or if any provisions hereof are waived by Department, the remaining portions of this Lease shall remain in full force and effect. Department's receipt of rent with the knowledge of any breach of a provision of this Lease shall not constitute a waiver of such breach.
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# AGRICULTURAL LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-C (NEW 7/2005)

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- 26) AMENDMENTS:** The terms of the lease may be, in writing, amended, revised, altered, or changed, by mutual consent of the parties hereto upon thirty (30) days' written notice. Any amendment, revision, alteration, or change shall operate with the same force and effect as the original agreement.
- 27) PREVIOUS AGREEMENTS:** Any existing Lease or Rental Agreement between Lessee(s) and Department (or its predecessor in interest) covering this property are terminated as of the effective date of this Lease.
- 28) LITIGATION COSTS:** In the event that a suit is necessary to enforce any of the provisions herein contained, or to recover possession of the premises, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements.
- 29) HOLD OVER:** Should Lessee(s) hold over after expiration of the term of this Lease with Department's expressed or implied consent, the tenancy shall be deemed to be a tenancy only from year to year, subject otherwise to all of the terms and conditions of this Lease so far as applicable.
- 30) NONDISCRIMINATION:** Lessee(s), for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that Lessee(s) shall maintain and operate any facilities on the land or services offered thereon in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
- Lessee(s) also agrees that in the event of breach of any of the above nondiscrimination covenants, the State of California shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon and hold the same as if said Lease had never been made or issued.
- 31) ENCUMBRANCES:** Lessee(s) shall not encumber the leased premises in any manner whatsoever.
- 32) ASSIGNMENT FOR BENEFIT OF CREDITORS, INSOLVENCY, OR BANKRUPTCY:** Appointment of a receiver to take possession of Lessee's assets, Lessee's general assignment for benefit of creditors, or Lessee's insolvency or taking or suffering action under the Bankruptcy Act is a breach of this lease and this lease shall terminate.
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**AGRICULTURAL LEASE AGREEMENT (Cont.)**

(Form #)

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**33) POSTING OF PROPERTY:** Department or its agents shall at all times have the right to serve or to post thereon any notice required or permitted by law for protection of any right or interest of the Department.

**34) HEADINGS:** The marginal or clause headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

**BREACH OF ANY OF THE ABOVE COVENANTS, TERMS, AND CONDITIONS SHALL GIVE DEPARTMENT AUTHORITY TO IMMEDIATELY TERMINATE THIS AGREEMENT.**

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
(Type Lessee's Name)

\_\_\_\_\_  
(Type Lessee's Name)

**APPROVAL RECOMMENDED**

By \_\_\_\_\_  
(Type Right of Way Agent's Name)  
Property Management

\_\_\_\_\_  
(Type Supervisor's Name)  
(Type Supervisor's Title)

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

***OPTIONAL CLAUSES***

**1) (To be used per Section 11.04.03.00 - Lease Term)**

**CPI ESCALATION CLAUSE:** The monthly rent provided for in lease clause \_\_\_\_\_ shall be subject to adjustment at the commencement of the \_\_\_\_\_ year of the term and every \_\_\_\_\_ year(s) thereafter, as follows:

The base for computing the adjustment is the Consumer Price Index for All Urban Consumers for \_\_\_\_\_, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is published for the period two months prior to the date of the commencement of the term ("Beginning Index"). If the Index published for the period two months prior to the adjustment date ("Adjustment Index") has increased over the Beginning Index, the monthly rent for the following \_\_\_\_\_ year period shall be set by multiplying the monthly rent set forth in lease clause \_\_\_\_\_ by a fraction, the numerator of which is the Adjustment Index and denominator of which is the Beginning Index. In no case shall the adjusted monthly rent be less than the monthly rent set forth in lease clause \_\_\_\_\_.

If the Index is changed so that the base year differs from that used as of the period two months prior to the date on which the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event Department and Lessee(s) fail to agree on the selection of a replacement price index, the selection of the same shall be determined by the Presiding Judge of the Superior Court of the State of California in \_\_\_\_\_ County, and his decision shall be final and conclusive upon the parties.

\*U.S. City Average, San Francisco/Oakland, San Diego or Los Angeles/Long Beach-whichever is most appropriate.

**2) LEVEL OR GRADUATED RENT ESCALATION CLAUSE (Insert as Clause 3) (RENT)**

Lessee(s) shall pay the rent monthly, in advance, on the \_\_\_\_\_ day of each month during said term, in lawful money of the United States, as follows:

- (when flat rate for full term of lease):  
\$\_\_\_\_\_ per month (year) from \_\_\_\_\_ through \_\_\_\_\_
- (when provisions for annual step increases):  
\$\_\_\_\_\_ per month (year) from \_\_\_\_\_ through \_\_\_\_\_  
(use additional lines as necessary).

[NOTE: In case subletting is permitted, the agent will rewrite Clause 16 accordingly and add optional Clause 2 (below) to Clause 16 if human habitation is permitted. Also add optional Clause 3 (below) as a separate clause.]

**3) (To be added where subleasing is permitted) Clause 12**

**SUBTENANT REQUIREMENT:** In the event the terms of this Lease specifically permit subletting of all or a portion of the property herein, the following shall apply:

- a) Lessee(s) is required to furnish each new Tenant with two copies of Department's form notice advising that no relocation payments will be made. Lessee(s) will sign one copy and return it to Department.

**AGRICULTURAL LEASE AGREEMENT (Cont.)**

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Page 10 of 11

- b) Lessee(s) to provide Department with a listing of all subtenants as required by Department.

(Add the following subsection where there are inherited Tenants. See Exhibit 11-EX-23, page 6, for example of Exhibit A.)

- c) It is specifically agreed and understood that Lessee(s) shall not terminate the tenancy of the named Tenants in Exhibit A, which is hereby made a part of this Lease, without Department's written approval, and will notify Department when said Tenants named in Exhibit A vacate the premises.

- 4) **OFFSETS:** It is understood and agreed that in consideration of a rental offset of an amount not to exceed \$\_\_\_\_\_, Lessee(s) agrees to: *(Describe work to be done in detail).*

Lessee(s) shall secure paid itemized bills covering materials used for the authorized work and forward them to the Department at the address specified in Clause 13 of this Lease. Credit will only be allowed for the actual amount of the paid bills not to exceed the amount specified above. Lessee(s) will be paid for materials only and will not be paid for his/her labor or for the purchase of tools. Lessee(s) may not hire a third party contractor to perform the authorized work unless prior written permission from the Department is obtained.

It is further agreed that said work would be completed and paid bills received by the Department prior to \_\_\_\_\_, and that the rental credit will only be granted after inspection by the Department, of the completed work.

- 5) **INVENTORY:** Lessee(s) acknowledges the premises are furnished in accordance with the attached inventory, Attachment \_\_\_\_\_, by initialing here: \_\_\_\_\_ *(Initials)*

- 6) **(To be added when crops are affected by early termination) Clause 16**

Should the Department require possession of all or any portion of the property prior to termination of the Lease, before crops growing on the property have matured to a degree suitable for harvesting, or before Lessee(s) has had, in the exercise of reasonable diligence, an opportunity to harvest the crops, then Department shall refund to Lessee(s) that portion of the current year's rent paid under this Lease prorated on an acreage basis to that portion of the property that Lessee(s) is unable to harvest due to Department's reentry.

- 7) **PETS:** No birds, animals, or other pets shall be kept on the premises without the Department's prior written consent. The Department has approved no birds, animals, or other pets.

**or**

The Department for occupancy on the property identified above has approved the following pets:

Name: _____	Type: _____
Color: _____	Breed: _____
Size: _____	Age: _____

Pet Application has been completed and submitted to Department:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Pet Application has been approved:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Tenant(s) and Department have executed Pet Addendum:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Department has collected Pet Security Deposit:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Pet Insurance is required:	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Tenant has submitted proof of Pet Insurance:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
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**AGRICULTURAL LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-C (NEW 7/2005)

Page 11 of 11

Attachment \_\_\_\_\_

Inventory of  
Furnishings/Equipment

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

**ADVERTISING STRUCTURE****AGREEMENT**

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

EXHIBIT

11-EX-D (NEW 7/2005)

Page 1 of 3

**ADVERTISING STRUCTURE AGREEMENT**

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at California, by and between the State of California, Department of Transportation (Department), and \_\_\_\_\_ (Tenant), \_\_\_\_\_ (*address of Tenant*), for the rental of property owned by the Department. This property is presently occupied by Tenant's existing advertising structure(s) located at \_\_\_\_\_ and described as: (*number, type, size, illumination, etc.*)

In consideration for the payment of the rent specified, the Department hereby rents the property to Tenant on the following covenants, terms, and conditions:

**1) RATE AND TERM:**

Initial Term: The rental of this property shall be for a term of \_\_\_\_\_ commencing on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at a rate of \$\_\_\_\_\_ for the period from \_\_\_\_\_ to \_\_\_\_\_ inclusive, and thereafter at a rate of \$\_\_\_\_\_ a \_\_\_\_\_, payable in advance on the first day of each \_\_\_\_\_ beginning \_\_\_\_\_, \_\_\_\_\_. Payments are to be made to the Department of Transportation at \_\_\_\_\_.

*(Add the following if the Agreement term is more than two years:)*

The rental rate for the remaining term of this Agreement will be as follows:

- |            |                            |               |
|------------|----------------------------|---------------|
| A. \$_____ | per year (month) for _____ | through _____ |
| B. \$_____ | per year (month) for _____ | through _____ |
| C. \$_____ | per year (month) for _____ | through _____ |

Rent payable or refundable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on a thirty-day (30-day) month.

**2) PAYMENT:** Tenant shall make payment to the Department's mailing address or street location as indicated below:

Department of Transportation  
Attention: Cashier  
P.O. Box 168019  
Sacramento, CA 95816-3819  
Telephone Number \_\_\_\_\_

Department of Transportation  
Attention: Cashier  
1820 Alhambra Boulevard, 2<sup>nd</sup> Floor  
Sacramento, CA 95816

Tenant shall include the complete Tenancy Number, \_\_-\_\_\_\_-\_\_\_\_-\_\_, on the check or other form of payment.

**ADVERTISING STRUCTURE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-D (NEW 7/2005)

Page 2 of 3

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- 3) **LATE PAYMENT CHARGE:** Tenant hereby acknowledges that late payment by Tenant to Department of rent and other sums due hereunder will cause Department to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Department within ten (10) days after such amount shall be due, Tenant shall pay to Department a late charge of \$ \_\_\_\_\_. In no event shall the late charge exceed the maximum allowable by law. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Department will incur by reason of Tenant's late payment. Department's acceptance of such late charge shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Department from exercising any of the other rights and remedies granted hereunder.
- 4) **DISHONORED CHECK CHARGE:** Tenant hereby agrees:
- a) That Tenant shall pay to Department a fee of \$25.00 for the first dishonored check and \$35.00 for a second dishonored check.
  - b) That if Tenant has two (2) dishonored checks within any twelve (12) month period, the Department will no longer accept personal checks for payments due under this Agreement.
- 5) **USE:** Tenant shall use that portion of the herein described real property (together with rights of ingress and egress) for the purpose of maintaining, repairing, altering, and reconstructing the existing structure(s). No structure(s) in addition to that now existing on the property shall be constructed or placed thereon, nor shall any alteration or reconstruction of such existing structure(s) result in one of larger dimensions.
- 6) **TERMINATION:** Either party may terminate this Agreement upon \_\_\_\_\_ days' written notice, and in the event of termination, unearned rent paid by Tenant shall be refunded. Upon termination, Tenant shall remove the structure(s) from the property and surrender the property to the Department. If the structure(s) is/are not removed within ten (10) days after date of termination, it shall become the property of the Department to dispose of as it sees fit. It is mutually understood that the Tenant is not waiving any rights to compensation for structure removal.
- 7) **NONLIABILITY OF DEPARTMENT:** Tenant shall protect and hold Department's officers and employees harmless from all claims for damages to persons or property by reason of the location or maintenance of Tenant's agents, employees or workers.
- 8) **SUBLETTING:** Tenant shall not assign, sublet or otherwise transfer this Agreement, or any portion thereof, without first obtaining the Department's written consent.
- 9) **PREVIOUS AGREEMENTS:** This Agreement shall cancel and terminate any existing Agreement between Tenant and Department (or its predecessor in interest) as of the effective date of this Agreement.
- 10) **POSSESSORY INTEREST:** The Tenant's interest is subject to a possessory interest tax (tax) that may be imposed by the City or County. However, the Department is required to pay any such tax directly to the City or County on the Tenant's behalf. The amount of rent charged the Tenant reflects the cost of this added responsibility to the Department.

Tax bills inadvertently received by the Tenant should be forwarded to the Department for payment.

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**ADVERTISING STRUCTURE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-D (NEW 7/2005)

Page 3 of 3

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- 11) **NOTICES:** All notices to be given to Tenant shall be delivered personally or by sending a copy through the mail addressed to Tenant at the above address. All notices to be given to the State shall be delivered personally or sent to the Department at \_\_\_\_\_ or such other place as the Department may hereafter designate in writing.
- 12) **WAIVER:** If any part of the Agreement is invalid by reason of law or governmental regulation, or if any provisions hereof are waived by the Department, the remaining portions of this Agreement shall remain in full force and effect. The Department's receipt of rent with the knowledge of any breach of a provision of this Agreement shall not constitute a waiver of such breach.
- 13) **HEADINGS:** The marginal or clause headings of this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part hereof.
- 14) **AMENDMENTS:** The terms of this Agreement may be amended or revised at any time by written and signed memorandum between Tenant and the Department, and said memorandum shall become a part of the original Agreement and shall operate with the same force and effect as the original Agreement.
- 15) **LITIGATION COSTS:** In the event that a suit is necessary to enforce any of the provisions herein contained, or to recover possession of the premises, the prevailing party shall be entitled to reasonable Attorney's Fees in addition to costs and necessary disbursements.

**BREACH OF ANY OF THE ABOVE COVENANTS, TERMS, AND CONDITIONS SHALL GIVE DEPARTMENT AUTHORITY TO IMMEDIATELY TERMINATE THIS AGREEMENT.**

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
(Type Lessee's Name)

\_\_\_\_\_  
(Type Lessee's Name)

**APPROVAL RECOMMENDED**

By \_\_\_\_\_  
(Type Right of Way Agent's Name)  
Property Management

\_\_\_\_\_  
(Type Supervisor's Name)  
(Type Supervisor's Title)

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**ADA Notice**

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**RENTAL AGREEMENT AMENDMENT**

(Form #)

**CONFIDENTIAL**

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EXHIBIT

11-EX-E (NEW 7/2005)

**RENTAL AGREEMENT AMENDMENT**

DISTRICT AND TENANCY NUMBER: \_\_\_\_-\_\_\_\_-\_\_\_\_-\_\_

THIS RENTAL AGREEMENT AMENDMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_, California, between the landlord, the State of California, Department of Transportation (Department), and the undersigned (Tenant).

**WITNESSETH**

WHEREAS, Department and Tenant did on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, enter into that certain Rental Agreement identified as Tenancy No. \_\_\_\_\_, covering property described in said Rental Agreement, the term of which continues on a month-to-month basis.

NOW, THEREFORE, it is hereby mutually understood and agreed by and between the Department and the Tenant that the Rental Agreement referred to above shall be amended to reflect a rental rate increase from \$\_\_\_\_\_ to \$\_\_\_\_\_ per month, effective \_\_\_\_\_, \_\_\_\_\_.

FURTHERMORE, the first paragraph of said Rental Agreement is hereby modified as follows:

“...and thereafter at the rate of \$\_\_\_\_\_ a month, payable monthly in advance on the first day of each month beginning \_\_\_\_\_, \_\_\_\_\_.”

All other terms and conditions of said Rental Agreement and subsequent amendments thereto shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Rental Agreement Amendment the day and year first above written.

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
(Type Tenant's Name)\_\_\_\_\_  
(Type Tenant's Name)**APPROVAL RECOMMENDED**

By \_\_\_\_\_  
(Type Right of Way Agent's Name)  
Property Management

\_\_\_\_\_  
(Type Supervisor's Name)  
(Type Supervisor's Title)

**ADA Notice**

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**RENTAL OFFSET AGREEMENT**

(Form #)

**CONFIDENTIAL**

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EXHIBIT

11-EX-F (NEW 7/2005)

**RENTAL OFFSET AGREEMENT**

DISTRICT AND TENANCY NUMBER: \_\_-\_\_\_\_-\_\_\_\_-\_\_

THIS RENTAL OFFSET AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_, California, between the landlord, the State of California, Department of Transportation (Department), and the undersigned (Tenant).

It is understood and agreed upon that in consideration of a rental offset (credit), an amount not to exceed \$\_\_\_\_\_, Tenant agrees to:

*(give a detailed description of the work to be performed)*

If offset amount is not based on a firm written bid, Tenant shall secure PAID bills covering the work specified above. Tenant shall furnish the Department, by mail or in person, said PAID bills. The offset will only be allowed for the actual amount of the PAID bills.

It is further agreed upon, that said work will be completed and PAID bills furnished to the Department no later than \_\_\_\_\_(date). The rental offset will not be granted until the Tenant completes the work and the Department approves the completed work.

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
(Type Tenant's Name)

\_\_\_\_\_  
(Type Tenant's Name)

**APPROVAL RECOMMENDED**

By \_\_\_\_\_  
(Type Right of Way Agent's Name)  
Property Management

\_\_\_\_\_  
(Type Supervisor's Name)  
(Type Supervisor's Title)

**INSPECTED AND APPROVED**

\_\_\_\_\_  
(Type Right of Way Agent's Name)  
Property Management

Date: \_\_\_\_\_

**ADA Notice**

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**LEASE RENEWAL**

(Form #)

**CONFIDENTIAL**

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**EXHIBIT**

11-EX-G (NEW 7/2005)

**LEASE RENEWAL**

Dist., Co., Rte., P.M.

Account No. \_\_\_\_\_

THIS LEASE RENEWAL made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_, California, by and between the State of California, Department of Transportation, Lessor, and \_\_\_\_\_, Lessee, of \_\_\_\_\_.

**WITNESSETH**

WHEREAS, Lessor and Lessee did on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, enter into that certain lease agreement identified as Account \_\_\_\_\_, covering land in the County of \_\_\_\_\_, State of California, commonly known as \_\_\_\_\_ (Street address, or geographic description), as more particularly described in said lease, the term of which lease expires on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and

WHEREAS, it is mutually desired and agreed to extend the lease for a further period of time,

NOW, THEREFORE, it is hereby mutually agreed to extend the term of said Lease for a period of \_\_\_\_\_ years commencing on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, under the same terms, covenants and conditions contained in said Lease, except as modified by this instrument which said terms, covenants, and conditions are by this reference incorporated herein.

**Sample Modifications**

- I. Paragraph 1, on Page 2, is hereby modified that the rental due for the term of the extension granted herein shall be at the rate of \$500 per month.
- II. Paragraph 4, on Page 3, is hereby modified to the extent that cancellation and termination by either party during the term of the extension granted herein shall be in writing at least sixty (60) days next prior.

All other terms and conditions remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Renewal the day and year first above written.

By: \_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
(Title) (Lessee)

("Recommendations and Approval" to be  
Placed on Archive copy only--see  
Exhibit 11-EX-13.)

**STATE OF CALIFORNIA**  
**DEPARTMENT OF TRANSPORTATION**

\_\_\_\_\_  
(Title) (Lessor)

**ADA Notice**

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**ASSIGNMENT OF LEASE****(Where State Is Lessor)**

(Form #)

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

11-EX-H (NEW 7/2005)

**ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, the undersigned \_\_\_\_\_, lessee, does hereby sell, transfer and assign unto \_\_\_\_\_ all his right, title and interest in and to that certain lease number \_\_\_\_\_ made and entered into on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the State of California, Department of Transportation, as lessor, and \_\_\_\_\_, as lessee, covering that certain real property located at \_\_\_\_\_, in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of California.

FURTHER, said lessee does hereby sell, transfer and assign to \_\_\_\_\_ all right, title and interest in and to that certain sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_) deposited by said lessee with the State of California, Department of Transportation, in accordance with the terms and conditions of that certain lease hereinabove referred to.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Lessee and Assignor**ASSUMPTION OF LEASE \***

FOR VALUE RECEIVED, the undersigned \_\_\_\_\_ (person assuming the Lease) accepts the foregoing assignment of that certain lease number \_\_\_\_\_ made and entered into on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the State of California, Department of Transportation, as lessor, and \_\_\_\_\_, as lessee, covering that certain real property located at \_\_\_\_\_, in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of California, and such acceptance hereby irrevocably binds Assignee, heirs and personal representatives to the faithful performance of all of the terms and conditions of that certain lease hereinabove referred to, and \_\_\_\_\_ hereby expressly assume all of the covenants, terms and conditions thereof.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Assignee of Lease**CONSENT TO ASSIGNMENT OF LEASE \***

The State of California, Department of Transportation, does hereby consent to the assignment to of that certain lease number \_\_\_\_\_ made and entered into on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the State of California, Department of Transportation, as lessor, and \_\_\_\_\_, as lessee, covering that certain real property located at \_\_\_\_\_, in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of California.

**STATE OF CALIFORNIA**  
**DEPARTMENT OF TRANSPORTATION**

**ADA Notice**

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**CANCELLATION OF LEASE**

(Form #)

**CONFIDENTIAL**

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EXHIBIT

11-EX-I (NEW 7/2005)

**CANCELLATION OF LEASE**

WHEREAS, the parties hereto entered into a lease on \_\_\_\_\_ covering that certain \_\_\_\_\_, in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of California, described as:

for the term of one year commencing \_\_\_\_\_, \_\_\_\_\_, and ending \_\_\_\_\_, \_\_\_\_\_; and

WHEREAS, it is now mutually desired to cancel said lease, said cancellation to be effective as of \_\_\_\_\_, \_\_\_\_\_:

NOW, THEREFORE, said lease is hereby canceled and terminated and each party is hereby released from any and all obligations thereunder.

Dated: \_\_\_\_\_, \_\_\_\_\_.

**STATE OF CALIFORNIA**  
**DEPARTMENT OF TRANSPORTATION**

**ADA Notice**

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**EMPLOYEE HOUSING RENTAL AGREEMENT**

(Form #)

**PERSONAL INFORMATION NOTICE**

Pursuant to the Federal Privacy Act (P.L. 93-579) and the Information Practices Act of 1977 (Civil Code Section 1798, et seq.), notice is hereby given for the request of personal information by this form. The requested personal information is voluntary. The principal purpose of the voluntary information is to facilitate the processing of this form. The failure to provide all or any part of the requested information may delay processing of this form. No disclosure of personal information will be made unless permissible under Article 6, Section 1798.24 of the IPA of 1977. Each individual has the right, upon request and proper identification, to inspect all personal information in any record maintained on the individual by an identifying particular. Direct any inquiries on information maintenance to your IPA Officer.

**EMPLOYEE HOUSING RENTAL AGREEMENT**

This rental agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the State of California, Department of Transportation (Department), and \_\_\_\_\_ (Tenant), for the rental of property described as:

at a rental of \$\_\_\_\_\_ for the period from \_\_\_\_\_ to \_\_\_\_\_, inclusive, and thereafter at a rental of \$\_\_\_\_\_ a month, payable monthly in arrears by payroll deduction. In consideration for the payment of the rent specified above, the Department hereby rents the property to Tenant on the following covenants, terms, and conditions:

- 1) **TERM:** Rental of the property is on a month-to-month basis, and Tenant agrees to pay rent to the Department by monthly salary deduction.
- 2) **UTILITIES:** Tenant shall pay promptly when due all utility bills that are the responsibility of the employee and shall hold the Department harmless therefrom. In the event property is on a common utility system, the monthly charges will be in accordance with the Department of Personnel Administration, Rule 599.642. (Found in California Code of Regulations.) Said charges will be added to the monthly rent and are in addition to the monthly rental rate.

Tenant shall contact utility providers to request that utility service be established in Tenant's name by \_\_\_\_\_, \_\_\_\_\_(Date).

- 3) **USE:** Tenant shall not let or sublet the whole or any portion of the property, assign this tenancy to a third party, conduct any commercial business, or make or suffer any alterations in or on property without first obtaining the written consent of the Department.
- 4) **TERMINATION:** This agreement shall be subject to cancellation and termination by either party at any time by giving the other party written notice. The Department shall give the Tenant a thirty-day (30-day) or sixty-day (60-day) notice prior to the effective date of the termination. The Tenant shall give the Department notice in compliance with California Civil Code, Section 1941.1(b). Upon notice to vacate, Tenant agrees to leave the property in as good condition as existed on the day possession of the property was taken, allowing for ordinary and normal usage during occupancy; and shall reimburse the Department for any damage done to property, caused by Tenant's occupation or tenancy, other than that due to normal use.

**EMPLOYEE HOUSING RENTAL AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-J (NEW 7/2005)

Page 2 of 3

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**5) MAINTENANCE:**

- a) Tenant shall keep the interior and exterior of the property in a neat, clean, and orderly condition at all times during occupancy including mowing and watering of lawns and trimming and watering of shrubs, and shall not permit rubbish, tin cans, garbage, etc., to accumulate at any time and shall comply with all State laws and local ordinances concerning property and the use thereof. Necessary yard tools will be furnished by the Tenant.
- b) Normal and emergency maintenance and repair of septic tanks, plumbing, roofs, gas and water facilities, electric fixtures, and other major structural items will be the responsibility of the Department. The Department will also be responsible for painting when required and deemed necessary by the Department.
- c) Repair of damage resulting from Tenant neglect, such as broken windows, doors or other fixtures, will be the responsibility of the Tenant. In addition, Tenant will be responsible for minor repairs, the replacement of minor items such as light bulbs and faucet washers and unnecessary painting or alterations done for his own benefit. All alterations must have the prior approval of the Department.
- d) Maintenance, repairs and inspection of protective devices such as smoke alarms, burglar alarms, etc., installed on the rented property are the tenant's responsibility and the Department assumes no responsibility for the functioning of said devices.

**6) PETS:** It will be Tenant's responsibility to see that pets do not disturb the inhabitants of adjacent residences, especially during nighttime hours. Pets will be confined and not allowed to run free. Tenant will be responsible for all damage caused by pets. Approved pets are: \_\_\_\_\_.

**7) PREVIOUS AGREEMENTS:** Any existing lease or rental agreements between Tenant and the Department covering this property are terminated as of the effective date of this rental agreement.

**8) INSURANCE:** The Department will not keep the property insured against fire, or any other insurable risk.

**9) POSSESSORY INTEREST TAX:** The Tenant's interest is subject to a possessory interest tax that the City or County may impose. Any tax payment shall not reduce any rent due the Department hereunder and shall be the responsibility of the Tenant.

**10) LITIGATION COSTS:** In the event that a suit is necessary to enforce any of the provisions herein contained, or to recover possession of the premises, the prevailing party shall be entitled to reasonable Attorney's Fees in addition to costs and necessary disbursements.

**11) NOTICES:** All Notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when served personally, or when made in writing and mailed addressed as follows: To Lessee at the above-stated and to Lessor at:

Department of Transportation

\_\_\_\_\_(Name)

\_\_\_\_\_(Address)

\_\_\_\_\_(Address)

\_\_\_\_\_(Telephone Number)

The address to which the notices shall be mailed to either party shall be changed by written notice by either party to the other, but nothing herein shall preclude the giving of notice by personal service. Lessor shall also be able to serve notices by posting and subsequent mailing to Lessee.

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**EMPLOYEE HOUSING RENTAL AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-J (NEW 7/2005)

Page 3 of 3

- 12) **RIGHT OF ENTRY:** Tenant shall permit the Department or its authorized agent to enter into and upon the property at reasonable times for the following purposes: routine inspection, maintaining the property, installing protective or conservation devices and for the purpose of showing the property to prospective purchasers or tenants. The Department will give Tenant a twenty-four hour (24-hour) notice for above-mentioned entry.
- 13) **WAIVER:** If any part of this agreement is invalid by reason of law or governmental regulation, or if any provisions hereof are waived by the Department, the remaining portions of this agreement shall remain in full force and effect.
- 14) **HEADINGS:** The marginal or clause headings of this agreement are not a part of this agreement and shall have no effect upon the construction or interpretation of any part hereof.
- 15) **AMENDMENT:** The terms of this agreement may be amended or revised at any time by written and signed memorandum between Tenant and the Department, and said memorandum shall become a part of the original agreement and shall operate with the same force and effect as the original agreement.

**BREACH OF ANY OF THE ABOVE COVENANTS, TERMS, AND CONDITIONS SHALL GIVE THE DEPARTMENT AUTHORITY TO IMMEDIATELY TERMINATE THIS AGREEMENT.**

**STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION**

**TENANT(S)**

By \_\_\_\_\_

\_\_\_\_\_

SS# \_\_\_\_\_

\_\_\_\_\_

SS# \_\_\_\_\_

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.



**WRITTEN NOTICE OF DENIAL**

11-EX-4 (REV 7/2005)

(Form #)

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*(Print on District Letterhead)*

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*(Type Date)*

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Your application for tenancy with the Department of Transportation has been denied for the following reason(s):

- ☐ Property desired not suitable for intended use.
- ☐ Insufficient income.
- ☐ Insufficient employment information.
- ☐ Information on your credit report.
- ☐ Other.

If the denial is based on information on your credit report, you have the following rights:

- The right to obtain within sixty days (60 days) a free copy of your credit report from the consumer credit reporting agency utilized or from any other consumer credit reporting agency which compiles and maintains files on consumers on a nationwide basis.
- The right to dispute the accuracy or completeness of any information in a consumer credit report furnished by the consumer credit reporting agency.

Name, address, and telephone number of consumer credit reporting agency utilized:

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\* List names, addresses, and telephone numbers of other consumer credit reporting agencies, if applicable.

Sincerely,

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*(Type Agent's Name)*

Senior Right of Way Agent  
Department of Transportation

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(Print on District Letterhead)

\_\_\_\_\_  
(Type Date)

(File Reference)

To: \_\_\_\_\_  
Tenant(s) in Possession

Take notice that you are hereby required to quit and deliver to the State of California, Department of Transportation (Department), possession of the State-owned rental property now held and occupied by you, or held and sublet by you, being the property described in your rental agreement as:

Said property is to be surrendered to the Department on or before (*enter date*) \_\_\_\_\_ which includes, but not limited to, receipt of all keys.

This Notice is intended as a [ *insert one of the following: thirty-day (30-day) or sixty-day (60-day)* ] written notice to quit for the purpose of terminating your tenancy referenced above.

***The following is to be inserted if this is a residential tenancy. The information below only pertains to residential tenancies.***

Based on this notice, you have the option of requesting an initial inspection of the property. The purpose of such an initial inspection as provided in California Civil Code, Section 1950.5 is to allow you an opportunity to remedy identified deficiencies, in order to avoid deductions from the security deposit. Such inspections are to take place at a reasonable time, but not earlier than two weeks before the termination of the tenancy. You have the right to be present during such an initial inspection.

If you desire an initial inspection, please contact me at the address or telephone number below so that a mutually convenient time for the inspection may be set. No initial inspection will be scheduled without your request.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Type Agent's Name)  
Right of Way Agent  
(Type Address)  
(Type Telephone Number)

Dated and served this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

By \_\_\_\_\_

**NOTICE OF RIGHT TO INSPECTION**

11-EX-6B (NEW 7/2005)

(Form #)

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*(Print on District Letterhead)*

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*(Type Date)**(File Reference)*

To: *(Tenant's name, as listed in the current tenancy agreement)*  
Tenant(s) in Possession

As you have given notice to the Department of Transportation (Department) to terminate your above-referenced tenancy on *(enter date)*, it is the responsibility of the Department to inform you that you are entitled to request an initial inspection of the property.

The purpose of such an initial inspection as provided in California Civil Code, Section 1950.5 is to allow you an opportunity to remedy identified deficiencies, in order to avoid deductions from the security deposit. Such inspections are to take place at a reasonable time, but not earlier than two (2) weeks before the termination of the tenancy. Under the statute, you have a right to be present if you wish during such an initial inspection.

If you desire an initial inspection, please contact me at the address or telephone number below so that a mutually convenient time for the inspection may be set. No initial inspection will be scheduled without your request.

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*(Type Agent's Name)*

Right of Way Agent

*(Type Address)**(Type Telephone Number)*

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**WAIVER OF 48-HOUR NOTICE OF INITIAL INSPECTION**

11-EX-6C (NEW 7/2005)

(Form #)

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*(Print on District Letterhead)*

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*(Type Date)**(File Reference)*

To: *(Tenant's name, as listed in the current tenancy agreement)*  
Tenant(s) in Possession

As you have given notice to the Department of Transportation (Department) to terminate your above-referenced tenancy on *(enter date)*, it is the responsibility of the Department to inform you that you are entitled to request an initial inspection of the property.

Under California Civil Code, Section 1950.5, if an inspection is requested, the parties shall attempt to schedule the inspection at a mutually acceptable date and time. The landlord must give at least 48 hours' prior written notice of the date and time of the inspection even if a mutually agreed upon time and date has been agreed upon.

The tenant and landlord may agree to forgo the 48-hour prior written notice by both parties signing a written waiver. The signing of this document by the parties or their agent(s) is intended as a waiver of the 48-hour prior written notice requirement under California Civil Code, Section 1950.5, and no other right or obligation of either party is thereby waived.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ at  
\_\_\_\_\_  
*(City)*, California.

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*(Type Agent's Name)*

Right of Way Agent

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(Tenant)

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(Tenant)

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# INITIAL VACANCY INSPECTION AND STATEMENT OF PROPOSED SECURITY DEDUCTIONS

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

EXHIBIT

11-EX-6D (NEW 7/2005)

Page 1 of 2

This INITIAL VACANCY INSPECTION AND STATEMENT OF PROPOSED SECURITY DEDUCTIONS form is for your protection, as well as the Department's. When the inspection has been completed, you will either receive a copy personally, or a copy will be left inside the property.

## INITIAL VACANCY INSPECTION

TENANT	ADDRESS AND UNIT	ACCOUNT NO.	MOVE-OUT DATE
		PETS: No. Kind	

ITEMS	CONDITION		ITEMIZED SECURITY DEDUCTIONS
	Satisfactory	Unsatisfactory	
EXTERIOR			
Walls and Windows			
Stairs and Porches			
Roof, Gutters and Downspouts			
Screens and Vents			
Garage, Garage Door and Driveway			
Other			
YARD			
Landscaping and Fencing			
Other			
INTERIOR			
Kitchen			
Walls and Ceilings			
Flooring and Baseboards			
Doors and Locks			
Fixtures and Appliances			
Electrical and Lighting			
Living, Dining and Family Rooms			
Walls and Ceilings			
Flooring and Baseboards			
Doors and Locks			
Electrical and Lighting			
Bedrooms			
Walls and Ceilings			
Flooring and Baseboards			
Doors and Locks			
Electrical and Lighting			
Bathrooms			
Walls and Ceilings			
Flooring and Baseboards			
Electrical and Lighting			
Fixtures			
Toilet and Shower			
Smoke Alarms Operable			
Heating and Thermostats			
Other			

**INITIAL VACANCY INSPECTION AND STATEMENT  
OF PROPOSED SECURITY DEDUCTIONS (Cont.)**

(Form #)

EXHIBIT

11-EX-6D (NEW 7/2005)

Page 2 of 2

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**STATEMENT OF PROPOSED SECURITY DEDUCTIONS**

California Civil Code Section 1950.5 discusses landlord and tenant rights regarding security for a rental agreement for residential property that is used as the dwelling of the tenant. It provides in part:

- (b) *As used in this section, "security" means any payment, fee, deposit or charge, including, but not limited to, any payment, fee, deposit, or charge, except as provided in Section 1950.6, that is imposed at the beginning of the tenancy to be used to reimburse the landlord for costs associated with processing a new tenant or that is imposed as an advance payment of rent, used or to be used for any purpose, including, but not limited to, any of the following:*
- (1) *The compensation of a landlord for a tenant's default in the payment of rent.*
  - (2) *The repair of damages to the premises, exclusive of ordinary wear and tear, caused by the tenant or by a guest or licensee of the tenant.*
  - (3) *The cleaning of the premises upon termination of the tenancy necessary to return the unit to the same level of cleanliness it was in at the inception of the tenancy. The amendments to this paragraph enacted by the act adding this sentence shall apply only to tenancies for which the tenant's right to occupy begins after January 1, 2003.*
  - (4) *To remedy future defaults by the tenant in any obligation under the rental agreement to restore, replace, or return personal property or appurtenances, exclusive of ordinary wear and tear, if the security deposit is authorized to be applied thereto by the rental agreement.*
- (d) *Any security shall be held by the landlord for the tenant who is party to the lease or agreement. The claim of a tenant to the security shall be prior to the claim of any creditor of the landlord.*

In compliance with the above statute, the following Statement is provided to Tenant to allow Tenant an opportunity to remedy identified deficiencies, in a manner consistent with the rights and obligations of the parties under the rental agreement, in order to avoid deductions from the security. The Department may possess further rights to take deductions from the security not listed here. This statement does not limit or abridge the Department's rights in any manner.

ADDITIONAL COMMENTS:

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Inspection report prepared by: \_\_\_\_\_

Dated: \_\_\_\_\_

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**DISTRICT RIGHT OF WAY PROCEDURE: VACATING  
PREMISES, UNLAWFUL DETAINER ACTIONS**

(Form #)

**DISTRICT RIGHT OF WAY PROCEDURE:  
VACATING PREMISES, UNLAWFUL DETAINER ACTIONS****Introduction**

This procedure is intended as a **guide** to the steps necessary for the California Department of Transportation (Department) to have property vacated. Two scenarios are addressed here: (1) Department needs to re-assume control of the property, and (2) Department needs the tenants/occupants removed for failure to pay rent.

This is only a **guide**; each district has internal procedures that must be followed. These instructions outline a core of tasks necessary to efficiently accomplish the goal of vacating property.

The process is simple where the tenants and occupants comply with notices to vacate; but, it may be complex when they do not comply, requiring court action to resolve. Recent changes in court jurisdiction, or what each court may decide, have moved Unlawful Detainer (eviction) actions from Small Claims Court, where an attorney is not required, to the Municipal Court, where an attorney must represent Department. That means Right of Way Agents who previously were delegated authority to represent Department may no longer do so. An attorney from Legal must handle all court documents and appearances.

When court action is required, time is of the essence. Completing each document accurately is critical to Unlawful Detainer court proceedings. Failure to completely and accurately fill out and sign the notices and documents will likely result in additional court appearances by the attorney or a dismissal of the action, thus requiring the process to begin again. These errors are costly to the Department.

Accordingly, Right of Way and Legal formulated this procedure through a joint effort to ensure proper and expedient handling of vacating property. If there are questions, **contact Legal immediately** for assistance.

<b>UNLAWFUL DETAINER ACTIONS - EVICTION PROCESS</b>		
	<b>Steps</b>	<b>Action</b>
1.	<b>Preliminary</b>	Right of Way contacts tenant to discuss delinquent balance and its resolution. When an informal attempt to collect the balance fails, the eviction process may begin. This procedure is identical to the 30- or 60-Day Notice for vacating premises where Department re-assumes control of the property.
2.		Right of Way prepares a 3-Day Notice to Pay Rent or Quit or a 30- or 60-Day Notice To Vacate for <b>EACH OCCUPANT</b> of the premises (court's requirement).  IMPORTANT NOTE: Accounting and Right of Way records must be reconciled prior to serving the 3-Day Notice. The <b>total amount due</b> from tenant must be accurate to the first of the month prior to service.
3.		Right of Way prepares a Proof of Service or Proof of Mailing for the Notice after <b>EACH OCCUPANT</b> of the premises has been served. These forms must be signed and dated.

**DISTRICT RIGHT OF WAY PROCEDURE: VACATING  
PREMISES, UNLAWFUL DETAINER ACTIONS (Cont.)**

(Form #)

EXHIBIT

11-EX-7 (REV 7/2005)

Page 2 of 4

UNLAWFUL DETAINER ACTIONS - EVICTION PROCESS (Continued)		
	Steps	Action
4.		Right of Way should follow established district procedures for entering the information into the RWPS and notify Accounting <b>NOT</b> to accept rent payments. If rent payment is accepted, the eviction procedure must be terminated.
5.		Time periods for response/payment by occupants before legal action is taken: <ul style="list-style-type: none"> <li>• <b>Personal Service</b> - 4 or 34 calendar days from service, including the day of service.</li> <li>• <b>Posted and Mailed or Substitute Service</b> - 11 or 41 calendar days from service, including the day of service.</li> </ul>
6.		Should the occupants respond to being served, Right of Way attempts to negotiate a settlement for the total amount due. A Stipulated Judgment is prepared <b>if</b> the negotiations are successful and the agreed-upon amount is collected in no greater than 12 months. <b>ALL PAYMENTS MUST BE CASH, CASHIER'S CHECK, OR MONEY ORDER.</b> Personal checks, third-party checks, and paychecks are unacceptable.
7.	<b>Process for Court Action</b>	If the occupants fail to respond after the above time periods expire, Right of Way prepares a request for Unlawful Detainer action.
8.		Right of Way prepares and sends a package containing the following documents to the Deputy Chief Counsel of the Department's Legal Office that serves the district in which the property is located. <ol style="list-style-type: none"> <li>Unlawful Detainer Memorandum summarizing history of tenancy.</li> <li>Copy of the 3-Day Notice to Pay Rent or Quit for each person served.</li> <li>Original signed and dated Proof of Service or Proof of Mailing for the Notice for each person served.</li> <li>Copy of memo to Accounting advising that payments are not to be accepted.</li> <li>Original rental agreement and all amendments.</li> <li>Rental diary, if any.</li> <li>A copy of current Municipal Court Local Rules (rules that apply solely to that county's courts obtained from the Clerk of the Court) if Legal has not already been provided with a copy.</li> </ol>



**DISTRICT RIGHT OF WAY PROCEDURE: VACATING  
PREMISES, UNLAWFUL DETAINER ACTIONS (Cont.)**

(Form #)

EXHIBIT

11-EX-7 (REV 7/2005)

Page 3 of 4

UNLAWFUL DETAINER ACTIONS - EVICTION PROCESS (Continued)		
	Steps	Action
9.	<b>Document Preparation by Legal for Filing by Right of Way</b>	<p>Legal provides to Right of Way for filing with the County's Municipal Court:</p> <p>A minimum of 8 copies of Summons and verified Complaint with a list of all defendants to be served, for distribution as follows:</p> <ul style="list-style-type: none"><li>• One for Municipal Court</li><li>• One for Department's file</li><li>• One for Legal's file</li><li>• One for "Original"</li><li>• Two for each listed defendant (one for personal service or two for Posting and Mailing Service)</li><li>• Two for the Claim of Right to Possession (one for personal service or two for Posting and Mailing Service)</li></ul> <p>Claim of Right to Possession - two for any unknown persons claiming to live there (one for personal service or two for Posting and Mailing Service). This is necessary for giving notice to unnamed occupants.</p> <p>Warrant for payment of service for each listed defendant and a warrant for service on the Claim of Right of Possession. (Check with the Sheriff's Department to obtain amount for service fees.)</p>
10.	<b>District Procedure for Filing in Court and Serving Defendants</b>	Right of Way signs the verification for the complaint and files the above documents in Municipal Court, Civil Department.
11.		Upon completion, Right of Way takes the filed, stamped, and signed documents to the Sheriff's Department for serving (and the warrant/payment). Retains the original Summons and a copy of the Complaint for the file and sends an endorsed copy to Legal.

**DISTRICT RIGHT OF WAY PROCEDURE: VACATING  
PREMISES, UNLAWFUL DETAINER ACTIONS (Cont.)**

(Form #)

EXHIBIT

11-EX-7 (REV 7/2005)

Page 4 of 4

UNLAWFUL DETAINER ACTIONS - EVICTION PROCESS (Continued)		
	Steps	Action
12.	<b>Follow-up After Filing and Delivering to Sheriff for Service</b>	<p>Time periods for response by tenant/occupants before further action takes place:</p> <ul style="list-style-type: none"><li>• <b>Service on Occupants/Defendants</b> - Wait 4 working days to receive Proof of Service from the Sheriff's Office. If not received, call to determine when it was served.</li><li>• <b>Response to Service by Occupants/Defendants</b> - Wait 5 days from the date each was served, then call the Municipal Court Clerk to determine whether a response has been filed by each defendant.</li></ul> <p>If response has not been received 5 or 35 calendar days after being served, a Default Judgment may be filed. Contact Legal so the Default Judgment may be prepared and filed immediately.</p>
13.		Right of Way files the original Summons for each occupant/defendant with the original Proof of Service completed, signed, and dated at the Municipal Court where the action was initially filed. Legal prepares an Application and a Writ of Execution and files it 2 or 3 days after the Default Judgment is received by the Court.
14.		Right of Way files the Writ of Execution with the Municipal Court where it was originally filed. When approved by the court, Right of Way delivers the Writ of Execution to the Sheriff's Office for completion of the eviction process.
15.	<b>Eviction Scheduling</b>	The Sheriff's Office should be asked to contact Right of Way when the date is scheduled for eviction. Since the Sheriff's Department will not forcibly enter the premises, Right of Way should arrange for a locksmith to be present at the scheduled time in case entry is barred.

**CITY, COUNTY, OR SPECIAL DISTRICT LEASE**

11-EX-15 (REV 7/2005)

(Form #)

Page 1 of 3

**CITY, COUNTY, OR SPECIAL DISTRICT LEASE****[Interim Use of Highway Property For Purposes Under Streets and Highways Code 104.7  
(Agricultural, Community Garden, or Recreational)]**

THIS LEASE, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_, California, by and between the State of California, Department of Transportation, hereinafter known as Lessor, and \_\_\_\_\_, hereinafter known as Lessee, whose address is \_\_\_\_\_, California.

**WITNESSETH**

That the Lessor, in consideration of the payment of the rent hereinafter specified to be paid by the Lessee, and the covenants and agreements herein contained, does hereby lease, demise and let unto Lessee that certain property located \_\_\_\_\_, State of California, containing \_\_\_\_\_ acres, more or less, as shown on the sketch attached hereto and made a part hereof, and described as follows:

for the term of (*not less than one year*) commencing on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, with the right of cancellation and termination in both Lessor and Lessee as hereinafter set forth, at the total rental of one dollar (\$1.00) per year, payable to the Department of Transportation, State of California, at \_\_\_\_\_, California, in lawful money of the United States of America, in advance.

The Lessor and Lessee hereby agree to the following covenants, terms and conditions:

- 1) **RENT:** Lessee shall pay rent as hereinbefore provided, and shall pay when due all utility and other charges accruing or payable in connection with Lessee's use of the property during the term of this Lease.
- 2) **USE:** Lessee shall:
  - a) Use the property for the following purposes only: (agriculture, community garden, or recreation);
  - b) Not commit, suffer or permit any waste on the property and comply with all State laws, local ordinance or other governmental regulations (in connection with pest control, land use, etc., which may be required by the proper authorities\*);
  - c) Cultivate, irrigate, fertilize, prune, and otherwise farm the property in accordance with approved practices of good husbandry and in accordance with the standard farming practices of the vicinity, and to keep any buildings, fences, irrigation or other farming facilities on the property in good repair\*;
  - d) Permit Lessor or its agents to enter on the property at any reasonable time to inspect same;
  - e) Not permit hunting on the premises.
- 3) **TERMINATION:**
  - a) This Lease shall be subject to cancellation or termination by either party at any time after the first year by giving the other party notice in writing at least ninety days (90 days) prior to the date when termination shall become effective.
  - b) Should the Lessee hold over after the expiration of the term of this Lease with the consent of the Lessor, expressed or implied, the tenancy shall be deemed to be a tenancy only from month to month; subject otherwise to all of the terms and conditions of this Lease so far as applicable.

\_\_\_\_\_  
\*Optional

**CITY, COUNTY, OR SPECIAL DISTRICT LEASE (Cont.)**

(Form #)

EXHIBIT

11-EX-15 (REV 7/2005)

Page 2 of 3

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- 4) **NOTICES:** All notices to be given to Lessee shall be delivered personally or be sending a copy through the mail addressed to Lessee at the address above stated. All notices to be given to the Lessor shall be delivered personally or sent to the State of California, Department of Transportation, at \_\_\_\_\_, or such other place as the Lessor may designate in writing.
- 5) **MAINTENANCE:** Lessee shall not call on Lessor to make any improvements or repairs on the property of any nature whatsoever, and agrees to keep the same in good order and condition at Lessee's own cost and expense.
- 6) **LITIGATION COSTS:** In the event that a suit is necessary to enforce any of the provisions herein contained, or to recover possession of the premises, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements.
- 7) **INSURANCE:** Lessor will not keep the property insured against fire or any other insurable risk, and Lessee will make no claim of any nature against Lessor by reason of any damage to Lessee's property in the event it is damaged or destroyed by fire or by any other cause.
- 8) **PREVIOUS AGREEMENTS:** Any existing Lease or Rental Agreements between Lessee and Lessor (or its predecessor in interest) covering this property are terminated as of the effective date of this Lease.
- 9) **NONLIABILITY OF LESSOR:** Nothing in the provisions of this Lease Agreement is intended to create duties or obligations to or rights in third parties not parties to this Lease Agreement or affect the legal liability of either party to the Lease Agreement by imposing any standard of care respecting the duties and obligations under this Lease Agreement different from the standard of care imposed by law. It is understood and agreed that this Lease Agreement is made upon the express condition that State of California and any officer or employee thereof is to be free from all responsibility, liability, claims, suits or actions of every name, kind and description, brought for or on account of injury of any person or persons, including Lessee, or to property of any kind whatsoever and to whomsoever belonging, including Lessee, occurring on or about the premises, or from any cause or causes resulting from the operations and/or use of the premises, or the sidewalks adjacent thereto, by Lessee, Lessee's agents, customers, business invitees and/or any persons acting on Lessee's behalf. It is also understood and agreed that Lessee shall defend, indemnify and save harmless State of California, all officers and employees thereof, from all liability, claims, suits or actions of every name, kind and description brought for or on account of injuries to or death of any person or damage to property arising from any aforesaid cause or causes during the term of this Lease Agreement. Lessee waives any and all rights to any type of express and implied indemnity against State of California, its officers or employees. It is the intent of the parties that Lessee will indemnify and hold harmless State of California, its officers or employees from any and all claims, suits or actions as set forth above regardless of the existence or degree of fault, whether active or passive, primary or secondary, on the part of State of California, other than its sole negligence.
- 10) **NONDISCRIMINATION:** The Lessee, for him/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federal-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

Lessee also agrees that in the event of breach of any of the above nondiscrimination covenants, the State of California, shall have the right to terminate the Lease, and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.

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- 11) WAIVER:** If any part of this Agreement is invalid by reason of law or governmental regulation, or if any provisions hereof are waived by the Department, the remaining portions of this Agreement shall remain in full force and effect. The receipt by the Department of rent with the knowledge of any breach of a provision of this Agreement shall not constitute a waiver of such breach.

- 12) LIABILITY INSURANCE:** Lessee shall, at Lessee's expense, take out and keep in force during the within tenancy:

General liability insurance providing coverage in the amount of one million dollars (\$1,000,000) per occurrence for Bodily Injury and Property Liability combined, in a company or companies to be approved by the Lessor, to protect Lessor, its officers, agents and employees against all claims, suits or actions of every name, kind, and description, brought forth, or on account of, injuries to or death of any person occurring in or about the property or on account of damage to property incident to the use of or resulting from any and every cause occurring in or about the property which is the subject of this Lease, including any and all claims, suits or actions for damage to vehicles on the property.

With respect to third-party claims against the Lessee, the Lessee waives any and all rights to any type of express or implied indemnity against the Lessor, its officers or employees.

It is the intent of the parties that the Lessee will indemnify, defend and hold harmless the Lessor, its officers and employees from any and all claims, suits or actions as set forth above regardless of the existence or degree of fault or negligence on the part of the Lessor, the Lessee, the officers or employees of either of these, other than the sole negligence of the Lessor, its officers and employees.

Nothing in this Lease is intended to create the public or any member thereof a third-party beneficiary hereunder, nor is any term or condition or other provision of the Lease intended to establish a standard of care owed to the public or any member thereof.

Said policies shall name the Lessor as an additional insured and shall inure to the contingent liabilities, if any, of the Lessor, and the officers, agents, and employees of Lessor and shall obligate the insurance carriers to notify Lessor, in writing, not less than thirty days (30 days) prior to the cancellation thereof, or any other change affecting the coverage of the policies. Lessee shall furnish to Lessor either a certified copy of each and every such policy or a fully executed "CERTIFICATE OF INSURANCE WITH ENDORSEMENT FOR LEASE OF STATE-OWNED PROPERTY" within not more than ten (10) days after the effective date of the policy. Lessee agrees that if Lessee does not keep such insurance in full force and effect, Lessor shall have the right to immediately terminate this Lease.

- 13) HAZARDOUS MATERIALS:** Hazardous materials are those substances listed in California Code of Regulations, Title 22, Section 66261.126, Appendix X, or those which meet the toxicity, reactivity, corrosivity or flammability criteria of Article 11 of the above Code, as well as any other substance which poses a hazard to health or environment. Except as otherwise permitted in this Lease, Lessee shall not use, create, store or allow any such substances on the premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

In no case shall Lessee cause or allow the deposit or disposal of any such substance on the leased property.

However, household products necessary for routine cleaning and maintenance of the property may be kept on the leased premises in quantities reasonable for current needs.

Lessor, or its agents or contractors, shall at all times have the right to go upon and inspect the leased premises and the operations conducted thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or testing soils or underground tanks on the premises.

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**LIST OF TENANTS IN POSSESSION**

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

**EXHIBIT**

11-EX-20 (REV 7/2005)

3621-53 West 120th Street  
Inglewood, California

**EXHIBIT "A"**

The State of California will require that the Master Tenant cannot raise the existing rates on tenants shown on Exhibit "A" during the term of the lease without written approval of the Lessor. Reference is also made to Clause 4 of the lease wherein it is specifically agreed and understood that the Lessee shall not terminate the tenancy of the tenants who will be named in an exhibit made a part of the lease, without written approval of the Lessor, and will notify the Lessor when said tenants named on Exhibit "A" vacate the premises.

<b>Address</b>	<b>Apt. No.</b>	<b>Tenant</b>	<b>Rental</b>	<b>No. of Bedrooms</b>
3621	1	Vacant	\$ 75.00	Single
3621	2	M. Morris	105.00	1
3621	3	E. Davis	105.00	1
3621	4	M. Smith	130.00	2
3621	5	Vacant	75.00	Single
3621	6	A. Cerral	85.00	Single
3625	1	M. Wagner	105.00	1
3625	2	J. Ebel	100.00	1
3625	3	A. Brown	130.00	2
3629	1	Vacant	105.00	1
3629	2	R. Douglas	105.00	1
3629	3	E. Gaar	132.50	2
3633	1	H. Baker	100.00	1
3633	2	C. King	100.00	1
3633	3	M. Moore	137.50	2
3637	1	J. West	100.00	1
3637	2	G. Pierson	105.00	1
3637	3	A. Palmieri	132.50	2
3641	1	Q. Parramou	105.00	1
3641	2	S. Carter	100.00	1
3641	3	E. Davis	130.00	2
3645	1	de la Cruz	100.00	1
3645	2	Y. Gray	100.00	1
3645	3	C. Manson	137.50	2
3649	1	E. Coakley	100.00	1
3649	2	F. Fenderson	100.00	1
3649	3	C. Barrett	132.50	2
3653	1	M. Thomas	100.00	1
3653	2	R. Gannigan	105.00	1
3653	3	J. de Hoop	125.00	2

All rents are due the 1st of the month.

Master Tenant pays utilities in accordance with Clause 3 of Master Tenancy Lease Agreement.

**STATE AS LESSEE LEASE AGREEMENT**

(Form #)

**STATE AS LESSEE LEASE AGREEMENT****LEASE COVERING PREMISES LOCATED AT:**

---

**PREAMBLE:** THIS LEASE is made and entered into pursuant to Government Code, Section 11005 and Streets and Highways Code, Section 104 by and between \_\_\_\_\_, hereinafter called the Lessor, without distinction as to number or gender, and the State of California, Department of Transportation, hereinafter called the Department;

**WITNESSETH**

- 1) **DESCRIPTION:** The Lessor hereby leases unto the Department and the Department hereby hires from the Lessor those certain premises with the appurtenances situated in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of California, and more particularly described as follows:

*(Insert description)*

- 2) **TERM:** The term of this lease shall commence on \_\_\_\_\_, \_\_\_\_\_, and shall end on \_\_\_\_\_, \_\_\_\_\_, with such rights of termination as may be hereinafter expressly set forth.
- 3) **TERMINATION:** Either party may terminate this lease at any time during the term hereof by giving written notice to the other party at least \_\_\_\_\_ days prior to the date when such termination shall become effective.
- 4) **HOLDING OVER:** In the event the Department remains in possession of the premises after the expiration of said term or any extension thereof with the consent of the Lessor, the tenancy shall be construed to be month to month, subject to thirty (30) days termination by either party, and shall otherwise be on the terms and conditions herein specified, so far as applicable. If the Department fails to vacate the premises within the notice period and remains for an extended period, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the Department occupies the premises following the effective date of termination.
- 5) **RENEWAL:** Lessor hereby agrees that this lease may be renewed for an additional \_\_\_\_\_ [set forth period(s)] \_\_\_\_\_; the extended term to begin on the first day after the expiration of the initial term of this lease. Department's option of renewing this lease shall be exercised, in writing, by certified mail to Lessor at least sixty (60) days prior to the expiration date of this lease. The terms and conditions of the renewal lease shall be the same as the terms and conditions of this lease except that rental for the renewal lease shall be \$\_\_\_\_\_.

**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-30 (REV 7/2005)

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- 6) **RENT:** Rental shall be paid by Department in arrears on the last day of each month during said term as follows:

Rental payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on a thirty (30) day month. Rental shall be paid to Lessor at the address specified in Paragraph 6 or to such other address as the Lessor may designate by a notice in writing. Lessor shall send all rent bills to the Department at the address specified in Paragraph 7:

If the premises are not complete pursuant to Paragraph 19 by the date shown in Paragraph 2, it is understood and agreed by and between the parties that, at the Department's sole option, the dates shown in Paragraph 2 and the dates and dollar amounts shown in Paragraphs 2 and 5 and the dates and dollar amounts shown in this paragraph may be adjusted to the first of the month following the Department's acceptance of the completed premises, such acceptance shall not unreasonably be withheld. If the Department exercises this option, it is agreed the Department will complete unilaterally an amendment to the lease to revise the herein above stated dates. Any accrued rents for the period of time prior to the unilaterally adjusted commencement date will be paid in accordance with Paragraph 5.

- 7) **NOTICES:** All notices and correspondence herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, postage prepaid and addressed as follows:

To the Lessor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

And to the Department:

**DEPARTMENT OF TRANSPORTATION**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Rental warrants shall be made payable to:

*(Show payee and address)*

Nothing herein contained shall preclude the giving of any such written notice by personal service. The address to which notices and correspondence shall be mailed to either party may be changed by giving written notice to the other party.

- 8) **SERVICES, UTILITIES AND SUPPLIES:** Lessor shall furnish to Department, during the lease term, at Lessor's sole cost, the following services and utilities (List):

*Example:*

Janitorial service, including but not limited to, regular cleaning of office areas and rest rooms, toilet supplies, and waste disposal.

All utilities except telephone.

In the event of failure by the Lessor to furnish any of the above services or supplies in a satisfactory manner, the Department may furnish the same at its own cost; and, in addition to any other remedy the Department may have, may deduct the amount thereof, including Department's administrative costs, from the rent that may then be, or thereafter become due hereunder.



**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-30 (REV 7/2005)

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- 9) **REPAIR AND MAINTENANCE:** During the lease term, the Lessor shall keep the leased premises together with appurtenances, rights, privileges, and easements belonging or appertaining thereto, in good repair and tenantable condition, including the maintenance of the plumbing, heating, electrical, air conditioning and ventilating equipment and fixtures to the end that all such facilities are kept in an operative condition except in case of damage arising from the act or negligence of the Department's agents, invitees or employees. Maintenance shall include but is not limited to furnishing and replacing electrical light fixture ballasts and air conditioning and ventilating equipment filter pads.

In case Lessor shall, after notice in writing (which includes letter, memorandum, signed and dated note, e-mail message and or telephone facsimile) from the Department requiring the Lessor to comply with the requirements of this paragraph in regard to a specific condition, fail, refuse, or neglect to comply herewith, or in the event of any emergency constituting a hazard to the health or safety of the Department's employees, property, or invitees, it shall then be lawful for the Department, in addition to any other remedy the Department may have, to make such repair at its own cost and to deduct the amount thereof from the rent that may then be or thereafter become due hereunder. This deduction may be in addition to any penalties incurred for delay in repairs caused by the Lessor, as stated previously within this lease section.

- 10) **ALTERATIONS:** The Department shall have the right, only with Lessor's consent, to make alterations, attach fixtures and erect additions, structures or signs in or upon the leased premises, provided such activities do not damage the building, or other Lessor's buildings appearances or interfere or harm other Lessor's buildings or right of way (ingress or egress). Such fixtures, additions, structures, or signs so placed in or upon or attached to the premises under this lease or any extension hereof shall be and remain the property of the Department and may be removed therefrom by the Department prior to the termination or expiration of this lease or any renewal or extension hereof, or within a reasonable time thereafter. *(List Department alterations, if known.)*

The Department shall also have the right to erect a radio transmitter antenna upon the leased premises. Said antenna shall remain the property of the Department and may be removed therefrom by the Department prior to the termination of this lease.

Upon termination of the lease, such structures, etc., above mentioned may be removed by Department after repairs to buildings, etc., are made, wherever they had been positioned.

- 11) **ASSIGNMENT AND SUBLETTING:** The Department shall not assign this lease without prior written consent of the Lessor, but shall, in any event, have the right to sublet the leased premises.
- 12) **QUIET POSSESSION:** The Lessor agrees that the Department, while keeping and performing the covenants herein contained, shall at all times during the existence of this lease peaceably and quietly, have, hold, and enjoy the leased premises, without suit, trouble or hindrance from the Lessor, or any person claiming under Lessor.
- 13) **INSPECTION:** The Lessor reserves the right to enter and inspect the leased premises at reasonable times, and to render services and make any necessary repairs to the premises.
-

**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-30 (REV 7/2005)

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- 14) DESTRUCTION:** If the leased premises are totally destroyed by fire or other casualty, this lease shall terminate. If such casualty shall render ten (10) percent or less of the floor space of the leased premises unusable for the purpose intended, Lessor shall effect restoration of the premises as quickly as is reasonably possible, but in any event within thirty (30) days.

In the event such casualty shall render more than ten (10) percent of such floor space unusable but not constitute total destruction, Lessor shall forthwith give notice to Department of the specific number of days required to repair the same. If Lessor under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, Department, in either such event, at its option, may terminate this lease or, upon notice to Lessor, may elect to undertake the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and Department.

In the event of any such destruction other than total, where the Department has not terminated the lease as herein provided, or pursuant to the terms hereof has not elected to make the repairs itself, Lessor shall diligently prosecute the repair of said premises and, in any event, if said repairs are not completed within the period of thirty (30) days for destruction aggregating the ten (10) percent or less of the floor space, or within the period specified in Lessor's notice in connection with partial destruction aggregating more than ten (10) percent, the Department shall have the option to terminate this lease or complete the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and Department.

In the event the Department remains in possession of said premises though partially destroyed, the rental as herein provided shall be reduced by the same ratio as the net square feet the Department is thus precluded from occupying bears to the total net square feet in the lease premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and rest rooms.

It is understood and agreed that the Department or its agent has the right to enter its destroyed or partially destroyed leased facilities no matter what the condition. At the Department's request, the lessor shall immediately identify an appropriate route through the building to access the Department leased space.

- 15) FAIR EMPLOYMENT PRACTICES:** The provisions of the California Fair Employment Practices Act (Government Code §12900 et seq., and the regulations promulgated thereunder) are hereby incorporated herein by reference and made a part hereof as completely and fully as if set out at length herein.

- 16) PEACEFUL SURRENDER:** Upon termination or expiration of this lease, the Department will peaceably surrender to the Lessor the leased premises in good condition as when received, reasonable use and wear thereof and damage by earthquake, fire, public calamity, by the elements, by act of God, or by circumstances over which Department has no control or for which Lessor is responsible pursuant to this lease, excepted.

The Department shall have no duty to remove any improvement or fixture placed by it on the premises or to restore any portion of the premises altered by it, save and except in the event Department elects to remove any such improvement or fixture and such removal causes damage or injury to the demised premises, and then only to the extent of any such damage or injury.

- 17) SUBROGATION WAIVED:** To the extent authorized by any fire and extended coverage insurance issued to Lessor on the herein demised premises, Lessor releases the Department from liability for loss or damage covered by said insurance and waives subrogation rights of the insurer.
-

**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-30 (REV 7/2005)

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**18) TIME OF ESSENCE:** Time is the essence of this lease, and the terms and provisions of this lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto. All of the parties shall be jointly and severally liable hereunder.

**19) LESSOR IMPROVEMENTS TO BE MADE:** It is agreed that the Lessor, AT THE Lessor's expense, will make the following improvements before this lease becomes effective:

\_\_\_\_\_

\_\_\_\_\_

**20) PARKING:** Lessor, at Lessor's sole cost and expense, shall provide \_\_\_\_\_ parking spaces, as assigned to the Department. Said parking spaces will be arranged and maintained so as to provide unobstructed access to each parking space at any time. In addition to any assigned parking spaces, Department and its invitees shall have equal access to common spaces provided to all tenants on a first-come, first-served basis.

Trucks, cars, and other mobile equipment under the control of the Department or Department's employees shall not be parked in such a manner as to obstruct other leased properties, appearances, or right of way or reduce their business exposure to their public trade. Lessor agrees to have other lessees also observe these courtesies to the Department's vehicles.

**21) CODE COMPLIANCE:** The premises shall conform to all local zoning laws, ordinances, California Code of Regulations (CCR) Title 24, local building code or the current Uniform Building Code, whichever is more demanding in its requirements.

Premises shall also conform to regulations and orders of the State Department of Industrial Relations and the Occupational Safety and Health Act (OSHA) and shall meet the requirements of the State Fire Marshal's regulations. Lessor shall furnish certification from the local Fire Marshal that quarters comply with local fire regulations or CCR Title 19, as appropriate. If fire, safety, or health hazards are detected either before or after occupancy by the Department, Lessor shall correct them at Lessor's sole cost and expense.

**22) SERVICE COMPANIES:** Within fifteen (15) days after occupancy of the leased premises by the Department, Lessor shall provide the Department with the name, address, and telephone number of an agency or persons convenient to the Department as a local source of service regarding the Lessor's responsibilities under this lease as to repairs, maintenance, and servicing of the premises and any or all related equipment, fixtures, and appurtenances.

**23) NO ORAL AGREEMENTS:** It is mutually understood and agreed that no alterations or variations of the terms of this lease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

**24) WAIVER:** If any part of this lease is invalid by reason of law or governmental regulations, or if any provisions hereof are waived by the Department, the remaining portions of this lease shall remain in full force and effect. The receipt by the Lessor of rent with the knowledge of any breach of a provision of this lease shall not constitute a waiver of such breach.

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**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

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**25) DVBE PARTICIPATION REQUIREMENT:** Lessor hereby represents and certifies that it has fully complied with all Disabled Veteran Business Enterprise (DVBE) participation goals or has made good faith efforts, as the case may be, as required by Public Contract Code, Section 10115 et seq., and further agrees that the Department or its designees will have the right to review, obtain, and copy all records pertaining to the contract. Lessor agrees to provide the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. Lessor further agrees to maintain such records for a period of three (3) years after final payment under the contract.

IN WITNESS WHEREOF, this lease has been executed by the parties hereto as of the date hereafter affixed.

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By: \_\_\_\_\_

Date: \_\_\_\_\_

Lessor

**STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

(OPTIONAL CLAUSES TO BE USED IF NEEDED)

**Note:** The following are optional clauses, any of which a Lessor **might require**. These are furnished in the interest of Department uniformity and acceptability. It is not intended that you "volunteer" the use of the clauses. However, if the Lessor requires any of these clauses in the Lease, it is preferable to use the Department's version rather than the Lessor's.

- 1) **INDEMNIFICATION:** Nothing in the provisions of this lease agreement is intended to create duties or obligations to or rights in third parties to this lease agreement or affect the legal liability of either party to the lease agreement by imposing any standard of care respecting the duties and obligation, under this lease agreement different from the standard of care imposed by law.

It is understood and agreed that this lease agreement is made upon the express condition that Lessor is to be free from all responsibility, liability, claims for damages by reason of injury to any person or persons, including employees of the Department, or property of any kind whatsoever and to whomsoever belonging, including Department, from any cause or causes resulting from the operations and/or use of the premises, by Department, its agents, customers, business invitees and/or any persons acting on Department's behalf. It is also understood and agreed that Department shall defend, indemnify and save harmless Lessor from all liability, claims, suits or actions of every name, kind and description brought for or on account of injuries to or death of any person or damage to property arising from any aforesaid cause or causes during the term of this lease agreement.

It is understood and agreed that this lease agreement is made upon the express condition that Lessee, State of California, is to be free from all responsibility, liability, claims for damages by reason of injury to any person or persons, including employees of the Lessor, or property of any kind whatsoever and to whomsoever belonging, including Lessor, from any cause or causes not resulting from the operations and/or use of the premises, by Lessee, its agents, customers, business invitees and/or any persons acting on Lessee's behalf. It is also understood and agreed that Lessor shall defend, indemnify and save harmless Lessee from all liability, claims, suits or actions of every name, kind and description brought for or on account of injuries to or death of any person or damage to property not arising from any aforesaid cause or causes during the term of this lease agreement.

- 2) **CPI ESCALATION CLAUSE:** The monthly rent provided for in lease clause shall be subject to adjustment at the commencement of the year of the term and every \_\_\_\_\_ year(s) thereafter, as follows:

The base for computing the adjustment is the Consumer Price Index for All Urban Consumers for \_\_\_\_\_\*, published by the United States Department of Labor, Bureau of Labor Statistics (Index), which is published for the period immediately preceding the date of the commencement of the term (Beginning Index). If the Index published for the period immediately preceding the adjustment date (Adjustment Index) has increased over the Beginning Index, the monthly rent for the following \_\_\_\_\_ year period shall be set by multiplying the monthly rent set forth in lease clause \_\_\_\_\_ by a fraction, the numerator of which is the Adjustment Index and denominator of which is Beginning Index. In no case shall the adjusted monthly rent be less than the monthly rent set forth in lease clause \_\_\_\_\_.

If the Index is changed so that the base year differs from that used as of the period immediately preceding the date on which the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event Lessor and Lessee fail to agree on the selection of a replacement price index, the selection of the same shall be determined by the Presiding Judge of the Superior Court of the State of California in \_\_\_\_\_ County, and his decision shall be final and conclusive upon the parties.

\* U.S. City Average, San Francisco/Oakland, San Diego or Los Angeles/Long Beach-whichever is most appropriate.

**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-30 (REV 7/2005)

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- 3) NOTICE OF COMPLETION AND ACCESS TO PREMISES DURING CONSTRUCTION:** Lessor shall notify the Department in writing by certified mail of the date the leased premises will be completed and ready for occupancy at least thirty (30) days prior thereto. Such notice shall be in a condition precedent to the accrual of rent hereunder, except, however, that if the Department occupies the premises prior to the receipt of such notice or prior to the expiration of the notice period of such notice, rental shall commence to accrue as of the date of occupancy.

Following execution of this lease, and not more than sixty (60) days prior to completion of construction and occupancy under this lease, Department or its contractors or other representatives shall have the right to enter the premises for the purpose of installing certain equipment such as, but not limited to, furniture and electrical telecommunications cabling and equipment.

Department agrees to indemnify and hold Lessor harmless from and against any claims, damages, or other injury suffered by Lessor as a result of the work to be performed pursuant to this right to enter the premises prior to Department's acceptance and occupancy of the premises. Lessor agrees to indemnify and hold Department and its agents, contractors or other representatives harmless from and against any claims, damages, injury or other harm suffered by reason of the negligence or other wrongful act of Lessor or any of Lessor's agents, contractors, or other representatives.

In no event shall the exercise of this right of entry be construed to cause an acceleration of the occupancy date of this lease or the obligation of the Department to pay rent.

Lessor and Department shall each make all reasonable efforts to ensure that the respective construction and installation work is scheduled in such a manner to not interfere with or delay the other.

In the event that one or the other party causes a delay in the other party's work, such injured party shall be compensated in the following manner:

Delays caused by the Lessor:

Credit the Department a compensating day of delay in the occupancy date and corresponding day of delay in payment of rent.

Delays caused by the Department:

Credit the Lessor a compensating day of payment of rent from the actual date of occupancy.

Compensation will be in one-day increments.

The parties agree that this shall be the sole remedy for delay, in that the calculation of damages in any other manner is too uncertain and not susceptible of accurate determination.

**Optional Clauses to Use With Clause 3**

- 4) EARLY OCCUPANCY:** Lessor agrees that if the leased premises are not ready for occupancy prior to the completion date specified above in Paragraph \_\_\_\_\_, Department may elect to occupy the premises on the earliest date practical after its receipt of the herein required completion notice. The rent payable for any such early occupancy the Department shall be at the rate of \$\_\_\_\_\_ per month, and shall be prorated on a daily basis for any partial month.
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**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-30 (REV 7/2005)

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- 5) **CONFORMITY TO EXHIBITS:** Occupancy of the leased premises by the Department shall not relieve Lessor in any respect from full compliance at all times with aforesaid Exhibits \_\_\_\_ and \_\_\_\_\_. It is further understood and agreed that any installation not in conformity with said Exhibits \_\_\_\_ and \_\_\_\_ shall be immediately corrected by the Lessor at Lessor's sole cost and expense. In the event Lessor shall, after notice in writing from the Department requiring the Lessor to comply with the requirements of this paragraph in regard to specified condition, fail, refuse or neglect to remedy such condition, Department may terminate this lease without further obligation, or as to such specified condition, at its option and in addition to any other remedy the Department may have, withhold rent due and bring the leased premises into conformity with said Exhibits at its own cost including Department's administrative costs, if any, and deduct the amount thereof from the rent that may then be or thereafter become due hereunder.
-

**PROPOSED ASBESTOS STATE AS LESSEE LEASE CLAUSE**

- 1) **ASBESTOS:** Lessor hereby warrants and guarantees that the space leased to the Department, common public areas, building maintenance and equipment areas, telephone closets, and plenums in the same heating, ventilating and air conditioning zone, are either free of Asbestos Containing Construction Material (ACCM) (as defined under Section 6501.8 of the California Labor Code) or where asbestos has been identified, said material has been properly treated as required by law and said leased space is certified as safe for occupancy. In the event construction of the building, wherein the leased premises are located, was completed prior to 1979, the Lessor shall provide the Department with certification that the areas referred to above are free from ACCM, or that any identified ACCM has been properly treated as required by law and said leased premises are certified as safe for occupancy prior to the execution of this lease.

Certification shall be in the form of an ACCM survey report prepared by a qualified Industrial Hygienist, who shall be certified by the American Board of Industrial Hygiene (ABIH) or an Environmental Protection Agency (EPA) - Asbestos Hazard Emergency Response Act (AHERA) certified inspector. Bulk samples of suspected ACCM shall be analyzed by a laboratory certified by the Department of Health Services and recognized by the EPA's Quality Assurance Program using the Polarized Light Microscopy (PLM) method. Existing vinyl asbestos floor tile is acceptable if, in the opinion of the Department, it is not in damaged or deteriorated condition.

If at any time during the term of this lease, or any extension or renewal thereof, untreated ACCM is discovered within the space described above, or airborne ACCM is found to be entering the Department leased space from any other area within the building or buildings in which the Department leased space is located, the Lessor shall immediately, and at Lessor's sole cost and expense, cause the removal or lawful treatment of all ACCM that is determined to be affecting the Department leased space.

All removal or treatment work as required by the Department shall be performed by a licensed contractor certified by the Contractors State License Board and registered with the Division of Occupational Safety and Health (DOSH).

Additionally, Lessor shall be responsible for any and all direct or indirect costs associated with the removal or treatment of the above-described ACCM which includes, but is not limited to, actual costs to the Lessor for ACCM removal or treatment, all required reports monitoring before, during, and after removal or treatment; in effect all costs borne by the Lessor that in any way associated with the removal or treatment of ACCM from the Lessor's building. Copies of the air monitoring reports shall be furnished to the Department together with certification that the area is free of ACCM; or that any identified ACCM has been properly treated as required by law, and the area is certified as safe for occupancy.

If it is determined by the Department that for safety reasons its employees be relocated at any time prior to or during the removal or treatment of the ACCM, the Lessor shall provide comparable accommodating space (at no cost to the Department) throughout the removal process. The Lessor specifically agrees to pay for all costs associated with this move or reimburse the Department, if the Department paid for this cost, all reasonable administrative costs, moving costs of furniture, and data processing and telephone equipment.

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**STATE AS LESSEE LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-30 (REV 7/2005)

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In the event, after written notice is provided by the Department, the Lessor fails, refuses, or neglects to diligently pursue removal or lawful treatment of the above-described ACCM, the Department may effect such removal or treatment; and in addition to any other remedies it may have, deduct all reasonable costs of such removal or treatment and all costs associated in any way with the removal or treatment of the above-described ACCM from the rent that may then be or thereafter become due throughout the term of this lease.

In addition to any other remedies it may have, in the event the Lessor fails to diligently pursue removal or lawful treatment of ACCM, as required by the Department, the Department may, by notice in writing, terminate this lease, and be relieved of any obligations hereunder. In the event that the Department so terminates this lease, Lessor shall be liable to the Department for all expenses, losses, and damages reasonably incurred by the Department as a result of such termination; including but without being limited to additional rental which it will be necessary to pay for available similar replacement facility over what would have been the remaining balance of the lease term plus any option periods, costs, and costs of moving furniture and data processing and telephone equipment.

The Lessor shall indemnify, defend, and hold the State of California and its officers and employees harmless from and against any and all losses, damages, judgments, expenses, (including court costs and reasonable attorney fees), or claims whatsoever, arising out of, or in any way connected with or related to, directly or indirectly, the presence of ACCM within the Department-leased space or the building in which the leased premises are located.

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**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

**SERVICE OF NOTICE TO VACATE (NOTICE TO RAP UNIT)**

11-EX-34 (REV 7/2005)

(Form #)

State of California  
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

**M e m o r a n d u m****To:** R/W Relocation Assistance Unit**Date:** December 14, 1982**Attn:** Mr. R. Smith**Project:** 03-Sac-80**From:** R/W Property Management**Subject:** Service of Notice to Vacate

It is requested that a ninety-day (90-day) Notice be served to the following tenants:

<i><b>03-Sac-80 EA</b></i>	<i><b>R/W Number</b></i>	<i><b>Tenant's Name</b></i>	<i><b>Address of Property</b></i>	<i><b>Letter Served</b></i>	<i><b>T. N. Served</b></i>
4832	20118	Mr. & Mrs. Keith Newman	Box 1247, Rt. 6 Nielsen Lane Sacramento	1-20-82	VAC
	20122	Mr. & Mrs. R. L. Nielsen, Jr.	Box 1248, Rt. 6 Nielsen Lane Sacramento	1-25-82	5-4-82
	20020	Talone Packing Company	1210 West Washington Sacramento (Commercial Lease served on Galen Conkle at 418 West 5th St., Sacramento)	1-20-82	

**LETTER OF INTENT TO VACATE—90**

11-EX-35 (REV 7/2005)

(Form #)

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*(Print on District Letterhead)*

March 19, 1982

**File:** 03-Sac-80  
0.0/1.9  
R/W 16866

Handyman of California, Inc.  
135 Highland Avenue  
Sacramento, CA 95814

Gentlemen:

The Department of Transportation must soon remove the building that you occupy so we can clear the right of way for highway construction. It will not be necessary for you to vacate immediately. You will have ***AT LEAST*** ninety days (90 days) after you receive this notice before we would serve a formal Notice of Termination of Tenancy and Notice to Quit.

This letter is given so you will have ample time to find replacement property. If you desire assistance in finding a replacement, please contact the Relocation Assistance Branch at the telephone number or mailing address shown below.

It may be more than ninety days (90 days) before the Notice of Termination of Tenancy and Notice to Quit is issued to you, but any such notice will contain a specific date by which you must vacate.

**For assistance, contact:** Relocation Assistance Unit  
Telephone: \_\_\_\_\_

**Office Address:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Agent

\_\_\_\_\_  
Date

---

**NOTICE OF TERMINATION OF  
TENANCY AND NOTICE TO QUIT**

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

EXHIBIT

11-EX-44 (NEW 7/2005)

Dist., Co., Rte., P.M.

Tenancy No. \_\_\_\_\_

To: \_\_\_\_\_  
(Tenant's Name)

\_\_\_\_\_  
(Tenant's Address)

**NOTICE IS HEREBY GIVEN** that, pursuant to the election given to the undersigned Lessor by the provisions of Paragraph \_\_\_\_\_ of the rental agreement dated \_\_\_\_\_, \_\_\_\_\_, between you and said Lessor, under which you hold possession of the premises described hereinafter, said Lessor has elected to terminate said tenancy as of [ THIRTY (30) DAYS or SIXTY (60) DAYS ] AFTER SERVICE UPON YOU OF THIS NOTICE, and you are hereby required to quit and deliver up possession of said premises to the State of California, Department of Transportation (Department), on or before the [ thirtieth (30th) day or sixtieth (60th) day ] after service upon you of this Notice. If you fail to do so, the Department will institute legal proceedings against you to recover possession of said premises, and to declare a forfeiture of said agreement and to recover TREBLE RENTS and DAMAGES.

**The said premises are described as follows:**

\_\_\_\_\_  
(Street Number and Street Name)

\_\_\_\_\_  
(City and Zip Code)

**STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION**

By \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**SERVED:**

DATED and SERVED \_\_\_\_\_, \_\_\_\_\_

By \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**ADA Notice**

For individuals with disabilities, this document is available in alternate formats. For information call (916) 654-5413 Voice, CRS: 1-800-735-2929, or write Right of Way, 1120 N Street, MS-37, Sacramento, CA 95814.

**REQUEST FOR RENT DETERMINATION**

(Form #)

PROPERTY #

DISTRICT

ROUTE

E.A.

Address:

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Current Rent: \$ 

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 Monthly ☐ Annually ☐Type: SFR ☐ Apartment ☐ Commercial ☐ Industrial ☐ MH ☐ Vacant Land ☐Square Footage: 

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Condition: Fair ☐ Average ☐ Good ☐Bedrooms: 

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Stories: 

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Bathrooms: 

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Living Room: 

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Dining Room: 

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Family Room: 

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Garage: (1) ☐ (2) ☐ (3) ☐Fireplace: 

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Carport: 

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Basement: 

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Utilities included: Water ☐ Gas ☐ Garbage ☐ Electric ☐

Comments:

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Requested by:

---

Date

---

Name  
Right of Way Agent

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Name  
Senior Right of Way Agent

**DOCUMENTATION OF RESIDENTIAL FAIR MARKET  
RENTAL RATE**

11-EX-46 (NEW 7/2005)

(Form #)

The following rental properties have been investigated and, in the opinion of the undersigned, are comparable to the subject parcel(s) listed below. Consideration was given to size, living area, rooms, bedrooms, baths, condition, location and general desirability, etc.

(Check one)    SFR ☐    Apartment ☐    Mobile Home ☐    Duplex ☐    Triplex ☐    Fourplex ☐

\* Subject(s)

Address	Property Number	Current Rent (Before Offsets)
_____	_____	\$ _____
_____	_____	\$ _____

Comparable Data:

	Address	Sq Ft	Rooms	Bdrms	Baths	Current Rent	Date Verified
1.	_____	_____	_____	_____	_____	\$ _____	_____
2.	_____	_____	_____	_____	_____	\$ _____	_____
3.	_____	_____	_____	_____	_____	\$ _____	_____
4.	_____	_____	_____	_____	_____	\$ _____	_____

Comments: (such as, utilities included in rental rate or not, garages) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Considering the above data and the length of time of availability and other special factors due to State ownership, the estimated fair market rental rate for the subject(s) as of \_\_\_\_\_ is:

\$ \_\_\_\_\_ **per month**

Investigation and estimate by:	_____	_____
	Name	Date
Approved by:	_____	_____
	Property Manager	Date

\* Include only properties with same major characteristics such as number of bedrooms, baths, size, and condition, etc.  
Attach a separate list of subjects if needed.

**UNINHABITABLE CONDITIONS**

11-EX-47 (NEW 7/2005)

(Form #)

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*The following is excerpted from “California Tenants, a Guide to Residential Tenants’ and Landlords’ Rights and Responsibilities,” a pamphlet published by the State Department of Consumer Affairs. The requirements below directly correspond with those set forth in Civil Code Sections 1941.1 and 1941.3, Health and Safety Code Section 13113.7, and Health and Safety Code Sections 17900-17995.*

A dwelling may be considered uninhabitable (unlivable) if it substantially lacks any of the following:

- Effective waterproofing and weather protection of roof and exterior walls, including unbroken windows and doors.
- Plumbing facilities in good working order, including hot and cold running water, connected to a sewage disposal system.
- Gas facilities in good working order.
- An electric system, including lighting, wiring, and equipment, in good working order.
- Clean and sanitary buildings, grounds, and appurtenances (for example, a garden or a detached garage), free from debris, filth, rubbish garbage, rodents, and vermin.
- Adequate trash receptacles in good repair.
- Floors, stairways, and railing in good repair.

In addition to these requirements, each rental unit must have **all** of the following:

- A working toilet, wash basin, and bathtub or shower. The toilet and bathtub or shower must be in a room, which is ventilated and allows privacy.
  - A kitchen with a sink that cannot be made of an absorbent material such as wood.
  - Natural lighting in every room through windows or skylights. Windows in each room must be able to open at least halfway for ventilation, unless a fan provides mechanical ventilation.
  - Safe fire or emergency exits leading to a street or hallway. Stairs, hallways, and exits must be kept litter-free. Storage areas, garages, and basements must be kept free of combustible materials.
  - Operable deadbolt locks on the main entry doors of rental units, and operable locking or security devices on windows.
  - Working smoke detectors in all units of multi-unit buildings, such as duplexes and apartment complexes. Apartment complexes also must have smoke detectors in common stairwells.
-

**DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT  
AND/OR LEAD-BASED PAINT HAZARDS**

11-EX-48 (NEW 7/2005)

(Form #)

**Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards****Lead Warning Statement**

*Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive a federally approved pamphlet on lead poisoning prevention.*

**Lessor's Disclosure**

- (a) Presence of lead-based paint and/or lead-based paint hazards [check (i) or (ii) below]:
- (i) ☐ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).
- (ii) ☐ Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the lessor [check (i) or (ii) below]:
- (i) ☐ Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).
- (ii) ☐ Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Lessee's Acknowledgment (Initial)**

- (c) ☐ Lessee has received copies of all information listed above.
- (d) ☐ Lessee has received the pamphlet *Protect Your Family from Lead in Your Home*.

**Agent's Acknowledgment (Initial)**

- (e) ☐ Agent has informed the lessor of the lessor's obligations under 42 USC 4852d and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

\_\_\_\_\_  
Lessor Date

\_\_\_\_\_  
Lessor Date

\_\_\_\_\_  
Lessee Date

\_\_\_\_\_  
Lessee Date

\_\_\_\_\_  
Agent Date

\_\_\_\_\_  
Agent Date



**DEPARTMENT OF TRANSPORTATION, DIVISION OF  
RIGHT OF WAY, STAR PROGRAM AGREEMENT**

(Form #)

**DEPARTMENT OF TRANSPORTATION  
DIVISION OF RIGHT OF WAY  
STAR PROGRAM AGREEMENT**  
(To be attached to Film Commission Permit)Property Address: \_\_\_\_\_  
\_\_\_\_\_Property Number: 

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Historic: Yes ☐ No ☐Rehabilitated: Yes ☐ No ☐

1. If the property is identified above as Historic and Rehabilitated, alterations including painting **will not be permitted**. This restriction includes, but is not limited to, the interior and exterior of the property and to features such as landscaping, walkways, driveways, etc.

If the property is identified above as Historic but not Rehabilitated, then all requests to perform any alteration including painting must be submitted in writing to the Right of Way Film Coordinator who will submit the request to the District Environmental Branch for review. The Production Company prior to the commencing of any alterations must receive written approval from the Department of Transportation (Department). The alterations may require monitoring by both Right of Way and Environmental in order to ensure compliance.

If the property identified above is not Historic, then all requests to perform any alteration must be submitted in writing to the Right of Way Film Coordinator who will submit the request to the Senior Right of Way Agent in Property Management for review. The Production Company prior to the commencing of any alterations must receive written approval from the Department. The alterations will require monitoring by Right of Way in order to ensure compliance.

2. The Right of Way Film Coordinator and a Production Company manager shall conduct a physical inspection of the property and complete an inspection report prior to this agreement being executed. Both parties will sign the inspection report as acknowledgment of its content in regard to the condition of the property at time of occupancy. Also, upon the completion of the project, same parties shall conduct a physical inspection and compare the inspection report, noting any changes, damages, etc., to the property. The inspection report will act as a record for any damage claim made by the Department. Both parties will again sign the inspection report as acknowledgment and agreement of its content.
  3. Nails or any other objects that shall pierce walls, ceilings, baseboards, moldings, etc., shall not be used unless prior written approval is granted.
  4. All floors including stairs, carpet, linoleum, tile, etc., shall be protected with layout board.
-

**DEPARTMENT OF TRANSPORTATION, DIVISION OF  
RIGHT OF WAY, STAR PROGRAM AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-49 (NEW 7/2005)

Page 2 of 3

5. The Production Company shall obtain and keep in force general liability insurance providing coverage in the amount of one million dollars (\$1,000,000) per occurrence for Bodily Injury and Property Liability combined, to protect the Department, its officers, agents and employees against all claims, suits or actions of every name, kind, and descriptions brought forth, or on account of, injuries to or death of any person occurring in or about the property or on account of damage to property incident to the use of, or resulting from, any and every cause occurring in or about the property which is the subject of this lease. Said policy(s) shall name the State of California as an additional insured.
6. Production Company shall deposit two thousand dollars (\$2,000), [one thousand dollars (\$1,000) for qualified students], with the California Film Commission, for each property identified above.
7. Production Company agrees to leave said property in same condition as existed on the day possession was taken and to reimburse the Department for any damage done to the property, caused by Production Company or its agents, employees, officers, etc., including leaving garbage, refuse, or debris on property.

Said deposit in Clause 5, may be applied to offset the Department's actual costs associated with repairing damages to the property and all costs incurred by the Department for cleanup of the property.

When the deposit is insufficient to cover the costs related to damages and cleanup, the Production Company shall pay the Department the balance of funds necessary to satisfy said costs within thirty days (30 days) after the Department has submitted an itemized letter of costs to the Production Company. If Production Company fails to reimburse the Department within the stated thirty-day (30-day) period, the Department shall file a claim with the Production Company's insurance carrier for the balance of funds owed the Department.

8. The Department shall provide a minimum of one representative per property. The representative will be responsible for opening and closing the property for the Production Company and to be present during the agreed upon time periods specified at the end of this agreement.
  9. All special effects and/or stunts shall be reviewed and approved by the State Fire Marshal (SFM) prior to submitting a request for approval to the Department. Approval by the SFM does not guarantee approval by the Department. The Department will respond in writing within twenty (20) business days from receipt of a request to utilize special effects and/or stunts.
  10. Tie-ins and the use of electrical services are not allowed. Production Company is to provide all equipment to perform the operations necessary to complete their activities.
  11. Production Company shall provide restroom facilities (honeywagon, port-a-potty, etc.)
  12. Smoking is not allowed inside any Department owned property, unless specifically utilized for filming purposes.
-

**DEPARTMENT OF TRANSPORTATION, DIVISION OF  
RIGHT OF WAY, STAR PROGRAM AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-49 (NEW 7/2005)

Page 3 of 3

13. Alcohol and/or controlled substances are not allowed on Department owned property.
14. Production Company shall receive prior written approval from the Department, for all vehicles on said property.
15. Production Company shall secure all local (city, county, etc.) permits prior to executing this agreement. Production Company is responsible for abiding by all local, state and federal ordinances and requirements.
16. Production Company shall provide a representative as the Department's point of contact for all communications between the Production Company and the Department.
17. The Department reserves the right to terminate this agreement immediately if Production Company fails to comply with any part of this agreement. The Department will notify the Production Company in writing upon cause for termination.

\_\_\_\_\_  
Department Representative

\_\_\_\_\_  
Tenant Representative

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date

HOURS OF OPERATION: \_\_\_\_\_ AM ☐ | PM ☐ to \_\_\_\_\_ AM ☐ | PM ☐

NUMBER OF DAYS: \_\_\_\_\_

**MODULAR LEASE AGREEMENT**

11-EX-50 (NEW 7/2005)

(Form #)

Page 1 of 5

Site Location: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Lease No. \_\_\_\_\_

**MODULAR LEASE AGREEMENT**

THIS LEASE, made and entered into by and between \_\_\_\_\_, known as Lessor, without distinction as to number or gender, and the State of California, Department of Transportation, known as Lessee:

**WITNESSETH**

**DESCRIPTION:** The Lessor, in consideration of the payment of the rent hereinafter specified to be paid by the Lessee, and the covenant and agreements herein contained, does hereby lease, trailer(s) and/or relocatable, modular and/or prefabricated structure(s) described below together with stairs, railings, furniture and other items attached or appurtenant thereto (hereinafter referred to collectively as the "Equipment") to Lessee.

Model Size: \_\_\_\_\_  
 Delivery Date: \_\_\_\_\_  
 Set-Up Charge: \_\_\_\_\_

Serial Number: \_\_\_\_\_  
 Delivery Charge: \_\_\_\_\_  
 Return Charge: \_\_\_\_\_

1) **TERM:** This Lease shall be for a term of \_\_\_\_\_(s), commencing on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and shall end on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, with such rights of termination as may be hereinafter set forth.

2) **RENT:** The rent shall be paid by the Lessee, monthly, in arrears, on the last day of each month during said terms as follows:

Monthly rent \$ \_\_\_\_\_

Warrant payable to: \_\_\_\_\_

Rent payable or refundable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on a thirty-day (30-day) month. Rental rate shall be paid to the Lessor at the address specified in Clause 7 or to such other address as the Lessor may designate by a notice in writing. Lessor shall send all rent bills to the Lessee at the address specified in Clause 7.

3) **RENEWAL OPTION:** Lessor hereby agrees that this Lease may be renewed for \_\_\_\_\_ additional years the extended term to begin on the first day after the expiration of the initial term of this Lease. Lessee's option of renewing this Lease shall be exercised in writing at least sixty days (60 days) prior to the expiration date of this Lease. The terms and conditions of the renewal lease may be amended by mutual agreement of the Lessor and Lessee. The rental rate is subject to negotiations and may be amended by mutual agreement of the Lessor and Lessee.

4) **LESSOR IMPROVEMENTS TO BE MADE:** Pursuant to this Lease, Lessor shall make the following improvements to the Equipment:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## MODULAR LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-50 (NEW 7/2005)

Page 2 of 5

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In the event Lessor completes said improvements and said improvements are suitable and ready for the State's occupancy set forth in Clause 1, the Lease shall commence on that date. However, in the event Lessor fails to complete said improvements and said improvements are not suitable and ready for the State's occupancy set forth in Clause 2, the Lease shall commence as of the date such improvements are completed and said Equipment is delivered and set up. Lessor shall make all reasonable efforts to ensure that said improvements are completed on the date set forth in Clause 1.

- 5) **TERMINATION:** This Lease shall be subject to cancellation and termination by either party at any time during the term hereof by giving the other party notice in writing, specified in Clause 6, at least sixty days (60 days) prior to the date when such termination shall become effective.
- 6) **HOLD OVER:** Should Lessee hold over after the expiration of the term of this Lease with Lessor's consent, express or implied, the tenancy shall be deemed to be a tenancy from month to month, subject otherwise to all the terms and conditions of this Lease so far as applicable.
- 7) **NOTICES:** All notices and correspondence to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when served personally, or when made in writing and mailed to the addresses listed below:

Lessor:

Lessee:

Invoices to Lessee:

The address to which the notices shall be mailed to either party shall be changed by written notice by either party to the other, but nothing herein shall preclude the giving of notice by personal service. Lessor shall also be able to serve notices by posting and subsequent mailing to Lessee.

- 8) **DELIVERY, SETUP AND RETURN:** Lessor shall deliver and set up the Equipment at the location specified above. Upon delivery, Lessee agrees to inspect and accept the Equipment. The Equipment is deemed finally accepted at the time of delivery unless Lessee notifies Lessor of a defect/deficiency in writing within 48 hours. Lessee is responsible for providing clear access to the set-up site for delivery of the Equipment, by standard delivery methods. Lessee is also responsible for providing clear access surrounding the site for setup of the Equipment by standard set-up methods. If Lessee fails to provide clear access, then Lessee shall pay for any resulting additional delivery and return charges.

The Equipment shall remain so set-up at said location, and shall not be moved to a new location without the prior written consent of the Lessor.

At the conclusion of the lease term, Lessee shall, at his expense, prepare the Equipment for dismantle. Preparing the equipment for dismantle includes, but is not limited to, removing all customer-owned furniture, office equipment, etc., disconnecting all utilities and removing any items that may hinder the dismantle of the Equipment, by standard dismantle methods. The Lessee is also responsible for providing clear access for the pickup and return delivery of the Equipment from the set-up site, by standard return delivery methods. Lessee is responsible for all damages or other needed work to return the equipment to the condition in which it was provided, except normal wear and tear. Any additional charges will be billed by Lessor and submitted to Lessee for payment within thirty days (30 days) of return date.

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## MODULAR LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-50 (NEW 7/2005)

Page 3 of 5

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- 9) **REPAIR, MAINTENANCE AND SUPPLIES:** Lessor shall, throughout the term of this Lease, repair structural, mechanical, or plumbing defects in the Equipment (excluding fire extinguishers, fuses/breakers and light bulbs). Lessor shall have no liability for the repair of any defect or condition resulting from Lessee's relocation of the Equipment, utilities connection, alteration of the Equipment, use of the Equipment for a purpose for which it was not intended, vandalism, misuse of the Equipment arising from the act or negligence of the Lessee, employees or agents.

In case Lessor shall, after notice in writing from the Lessee, requesting repair or maintenance, fail, refuse, or neglect to comply herewith, or in the event of an emergency constituting a hazard to the health or safety of the Lessee, employees or agents, it shall then be lawful for the Lessee, in addition to any other remedy the Lessee may have, to make such repair at its own cost and deduct the amount thereof from the rent that may be or thereafter become due hereunder.

- 10) **ALTERATIONS:** The Lessee shall not make any alterations, modifications, additions, or improvements to the Equipment without the written consent of the Lessor. In addition, the Lessee has the right, with Lessor's consent, to attach fixtures, additions, structures, or signs, provided such activities do not damage Equipment.

Lessee reserves the right to erect a radio transmitter antenna after notifying Lessor in writing. Said antenna shall remain the property of the Lessee and will be removed therefrom by the Lessee prior to return by Lessor.

- 11) **ASSIGNMENT:** The Lessee shall not assign, convey, or transfer this Lease without prior written consent of the Lessor, which will not be unreasonably withheld. Lessor may, at its option and without the prior approval of Lessee, transfer, convey or assign its interest or any part thereof, in and to this Lease.

- 12) **QUIET POSSESSION:** The Lessor agrees that the Lessee, while keeping and performing the covenants herein contained, shall at all times during the existence of this Lease peaceably and quietly, have, hold and enjoy the leased premises, without suit, trouble or hindrance from the Lessor, or any person claiming under Lessor.

- 13) **INSPECTION:** The Lessor reserves the right to enter and inspect the leased premises at reasonable times, after reasonable notice to Lessee, and to render services and make any necessary repairs to the premises.

- 14) **DESTRUCTION:** If the leased premises are totally destroyed by fire or other casualty, this lease shall terminate. If such casualty shall render ten (10) percent or less of the floor space of the leased premises uninhabitable for the purpose intended, Lessor shall effect restoration of the premises as quickly as is reasonably possible, but in any event within thirty days (30 days).

In the event such casualty shall render more than ten (10) percent of such space unusable but not constitute total destruction; Lessor shall forthwith give notice to State of the specific number of days required to repair the same. If Lessor, under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety days (90 days) to complete from date such notice is given, State, in either such event, at its option, may terminate this Lease, or, upon notice to Lessor, may elect to undertake repairs itself, deducting the cost thereof from the rental due or to become due under this Lease or any other Lease between Lessor and State.

In the event the State remains in possession of said premises though partially destroyed, the rental as herein provided shall be reduced by the same ratio as the net square feet the State is thus precluded from occupying bears to the net square feet in the leased premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and rest rooms.

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## MODULAR LEASE AGREEMENT (Cont.)

(Form #)

EXHIBIT

11-EX-50 (NEW 7/2005)

Page 4 of 5

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**15) SUBROGATION WAIVED:** To the extent authorized by any fire and extended coverage insurance issued to the Lessor on the herein demised premises, Lessor releases the Lessee from liability for loss or damage covered by said insurance and waives subrogation rights of the insurer.

**16) INDEMNIFICATION:** Nothing in the provisions of this lease agreement is intended to create duties or obligations to or rights in third parties to this lease agreement or affect the liability of other party to the lease agreement by imposing any standard of care respecting the duties and obligation, under this lease agreement different from the standard of care imposed by law.

It is understood and agreed that this lease agreement is made upon the express condition that Lessor is to be free from all responsibility, liability, claims for damages by reason of injury to any person or persons, including employees of the Lessee, or property of any kind whatsoever and to whomsoever belonging, including Lessee, from any cause or causes resulting from the operations and/or use of the premises, by Lessee, its agents, customers, business invitees and/or any persons acting on the Lessee's behalf. It is also agreed that Lessee shall defend, indemnify and save harmless Lessor from all liability, claims, suits or actions of every name, kind and description brought for or on account of injuries to or death of any person or damage to property arising from any aforesaid cause or causes during the term of this lease agreement.

It is understood and agreed that this lease agreement is made upon the express condition that Lessee, is to be free from all responsibility, liability, claims for damages by reason of injury to any person or persons, including employees of the Lessor, or property of any kind whatsoever and to whomsoever belonging, including Lessor, from any cause or causes not resulting from the operations and/or use of the premises, by Lessee, its agents, customers, business invitees and/or persons acting on Lessee's behalf. It is also understood and agreed that Lessor shall defend, indemnify and save harmless Lessee from all liability, claims suits, or actions of every name, kind and description brought for or on account of injuries to or death of any person or damage to property not arising from any aforesaid cause or causes during the term of this lease agreement.

**17) INSURANCE:** The Lessee is self-insured for motor vehicle, aircraft liability and general liability. The general liability program is administered by the State Attorney General. The Lessee and its employees (as defined in Section 810.2 of the Government Code) are insured for any tort liability that may develop through carrying out official activities, including state official operations on non-State owned property.

It is understood and agreed upon by the Lessor and Lessee that the Lessee is not required to obtain additional insurance coverage with regard to this Lease.

**18) HAZARDOUS MATERIALS:** Lessor hereby warrants and guarantees that the Equipment, are either free of Asbestos Containing Construction Material (ACCM) (as defined under Section 6501.8 of the California Labor Code) or where asbestos has been identified, said material has been properly treated as required by law and Equipment is certified as safe for occupancy. The certification shall be in the form of an ACCM survey report prepared by qualified Industrial Hygienist, who shall be certified by the American Board of Industrial Hygiene, or an Environmental Protection Agency Asbestos Hazard Emergency Response Act certified inspector.

**19) CODE COMPLIANCE:** The Equipment, recognized by the State of California, Department of Housing and Community Development as "Commercial Modular" building must conform with applicable provisions of the California Health and Safety Code, Division 13, Part 2, Section 18028 and the California Code of Regulations (CCR) Title 25, Chapter 3.

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**MODULAR LEASE AGREEMENT (Cont.)**

(Form #)

EXHIBIT

11-EX-50 (NEW 7/2005)

Page 5 of 5

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Unless otherwise agreed to, Lessor will provide, to the extent of Lessor's scope of work, Lessee with commonly accepted (by State or local officials) installation, utility connection, handicap access detail for review by this Site Location's controlling building official (State or local). Lessor will perform any requirements in excess of the commonly accepted documents at Lessee's expense and direction.

Premises shall also conform to regulations and orders of the State Department of Industrial Relations and the Occupational Health and Safety Act (OSHA) and shall meet the requirements of the State Fire Marshal's regulations. Lessor shall furnish certification from the local representative of the State Fire Marshal that quarters comply with local fire regulations or CCR Title 19, as appropriate. If fire, safety, or health hazards are detected either before or after occupancy by the State, Lessor shall correct them at their sole cost and expense.

- 20) STANDARD PROVISIONS:** Time is of the essence of each and every provision of this Lease. Failure of Lessor to enforce any term of condition of this Lease shall not constitute a waiver of subsequent default by Lessee, nor shall it, in any manner, affect the rights of Lessor to enforce any of the provisions hereunder. The invalidity or unenforceability of any provision of this Lease shall not affect the validity or enforceability of any other provision. This Lease shall be governed by and construed in accordance with the laws of the State of California. This Lease, including any initialed amendments and attachments and schedules hereto, constitute the entire agreement between Lessor and Lessee and may not be amended, altered or modified except by a document in writing signed by both the Lessor and Lessee.

**BREACH OF ANY OF THE ABOVE COVENANTS, TERMS, AND CONDITIONS SHALL GIVE EITHER PARTY AUTHORITY TO IMMEDIATELY TERMINATE THIS LEASE.**

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

---

*(Type Lessor's Name)*

---

*(Type Lessor's Name)*

**APPROVAL RECOMMENDED**

By 

---

*(Type Right of Way Agent's Name)*  
Property Management

---

*(Type Supervisor's Name)*  
*(Type Supervisor's Title)*

---

*(Type Construction Supervisor's Name)*  
*(Type Construction Supervisor's Title)*

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**PET APPLICATION**

11-EX-51 (NEW 7/2005)

(Form #)

**Attach a photo of each pet.** The application will automatically be denied if there are no photos of each pet attached.

\_\_\_\_\_  
Name of Pet Owner\_\_\_\_\_  
Home Phone\_\_\_\_\_  
Work PhoneAddress of where pet will reside: \_\_\_\_\_  
\_\_\_\_\_**PET INFORMATION:**

Please list all pets separately.

Pet's Name	Type/Breed	Age	License or ID Number	Sex	Neutered/ Spayed

**PET REFERENCE:**\_\_\_\_\_  
Veterinarian\_\_\_\_\_  
Address\_\_\_\_\_  
Phone**YOUR PREVIOUS RESIDENCE:**\_\_\_\_\_  
Name of Landlord ☐ or Resident Manager ☐ (Check one)\_\_\_\_\_  
Address\_\_\_\_\_  
Phone**RENTER'S OR HOMEOWNER'S INSURANCE:**\_\_\_\_\_  
Agency\_\_\_\_\_  
Address\_\_\_\_\_  
Phone

I have read and understand the policies related to keeping pets in this rental property, and I and members of my household promise to fully comply.

\_\_\_\_\_  
Signature of Pet Owner\_\_\_\_\_  
Date\_\_\_\_\_  
Approved By  
(Type Title)\_\_\_\_\_  
Date

**PET ADDENDUM**

(Form #)

**PET ADDENDUM TO RENTAL AGREEMENT \_\_\_\_\_**

This pet addendum is an amendment to the Rental Agreement identified and dated \_\_\_\_\_, \_\_\_\_\_, between the State of California, Department of Transportation (Department), and \_\_\_\_\_ (Tenant), covering the rental property described as:

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**PET INFORMATION:**

_____	_____	_____	_____	_____
Type (Dog, cat, bird, etc.)	Breed	Color	Number	Age

_____	_____
Insurance Carrier	Policy Number

**PLACE PET PHOTO HERE**

1. Tenant will provide the Department with a written copy of proof of insurance prior to any occupancy by the pet(s).

**PET ADDENDUM (Cont.)**

(Form #)

EXHIBIT

11-EX-52 (NEW 7/2005)

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2. Tenant must have completed a Pet Application Form and has been granted permission by the Department to keep the pet(s) specified above.
  3. Pets shall not be kept, bred, or used for any commercial purpose.
  4. Pet(s) must be confined to the rental property identified above, and must not be allowed to roam free. Pet(s) in transit are to be carried, restrained by a leash, or placed in an animal carrier.
  5. Tenant agrees that any damage to the exterior or interior of the premises, grounds, flooring, walls, trim, finish, tiles, carpeting, or any stains, etc., caused by the pet(s) will be the full financial responsibility of the Tenant. If because of any such stains, etc., said damage is such that it cannot be removed, then Tenant hereby agrees to pay the full expense of replacement.
  6. No pet(s) shall be allowed to become a nuisance or create any unreasonable disturbance. Examples of nuisance behavior are, but not limited to:
    - a. Pets whose unruly behavior causes personal injury or property damage.
    - b. Pets who make noise continuously and/or incessantly for a period of ten (10) minutes or intermittently for two (2) hours or more to the disturbance of any person at any time of day or night.
    - c. Pets who relieve themselves on walls or floors.
    - d. Pets who exhibit aggressive or other dangerous or potentially dangerous behavior.
    - e. Pets who are conspicuously unclean or parasite infested.
  7. Tenant will provide adequate and regular veterinary care.
  8. Tenant will provide pet(s) with ample food and water, and will not leave pet unattended for any undue length of time.
  9. Tenant will diligently maintain cleanliness of litter boxes as well as pet sleeping and feeding areas. Tenant will keep yard free of animal waste at all times.
  10. That, if there is reasonable cause to believe an emergency situation exists with respect to the pet(s), and if efforts to contact the resident and emergency caretaker are unsuccessful, the Department or the Department's agent(s) may contact the local animal control authority and assist its staff in entering the property including going inside any dwelling. Examples of an emergency situation include, but are not limited to, suspected abuse, abandonment, fire or other disaster, or any prolonged disturbance. If it becomes necessary for the pet(s) to be boarded, any and all costs incurred will be the sole responsibility of the Tenant.
  11. Tenant will be responsible for the pet(s) of guests who visit the property identified above. Such pet(s) are subject to the same restrictions as Tenant's pet(s). Pet(s) that are not owned by the Tenant and identified above are forbidden from staying in the property identified above unless the Department grants specific written authorization.
  12. Tenant agrees to indemnify, hold harmless, and defend the Department or the Department's agent(s) against all liability, judgments, expenses (including attorney's fees), or claims by third parties for any injury to any person or damage to property of any kind whatsoever caused by the Tenant's pet(s).
  13. That if a dispute arises out of this contract that cannot be settled through negotiation, the Department and Tenant agree first to try in good faith to settle the dispute by mediation administered either by a local mediator or by the American Arbitration Association under its commercial mediation rules. If the parties cannot agree on which agency shall administer the mediation, the \_\_\_\_\_'s (Tenant or Department) choice shall govern.
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**PET ADDENDUM (Cont.)**

(Form #)

EXHIBIT

11-EX-52 (NEW 7/2005)

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14. That the Tenant will permit the Department to professionally treat the premises, including grounds (if any), for fleas and ticks, and clean all carpets when Tenant vacates the property. The contractors used will be the Department's contractors, and the cost will be competitive and borne by the Tenant.

**BREACH OF ANY OF THE ABOVE COVENANTS, TERMS, AND CONDITIONS SHALL GIVE DEPARTMENT AUTHORITY TO IMMEDIATELY TERMINATE ABOVE-MENTIONED RENTAL AGREEMENT.**

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
(Type Tenant's Name)

\_\_\_\_\_  
(Type Tenant's Name)

**APPROVAL RECOMMENDED**

By

\_\_\_\_\_  
(Type Right of Way Agent's Name)  
Property Management

\_\_\_\_\_  
(Type Supervisor's Name)  
(Type Supervisor's Title)

**NOMINAL VALUE NONRESIDENTIAL  
RENTAL APPRAISAL**

(Form #)

**CONFIDENTIAL**

This document contains personal information and pursuant to Civil Code 1798.21, it shall be kept confidential in order to protect against unauthorized disclosure.

EXHIBIT

11-EX-53 (NEW 7/2005)

AR #

REG/DIST

CO

RTE

KP (PM)

PROPERTY #

DATE:

TO:

FROM:

SUBJECT: Nominal Value Nonresidential Rental Appraisal

\$ \_\_\_\_\_  
Annual or Monthly Rental Rate

DATE OF VALUE:

PROPERTY IDENTIFICATION:

PROPERTY DESCRIPTION:

ZONING AND HIGHEST AND BEST USE:

PARCEL VALUATION AND ANALYSIS:

LIST OF COMPARABLE RENTALS:

ADDRESS

AREA

ZONING  
and USE

IMP

TERMS

VERIF  
DATERENT  
RATE

OTHER PERTINENT DATA:

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**INSTRUCTIONS FOR COMPLETION OF EXHIBIT 11-EX-53**

DATE:

TO: **Property Management Supervising Agent**

FROM: **Either Property Management or Appraisal Senior Agent**

SUBJECT: Nominal Value Nonresidential Rental Appraisal \$ \_\_\_\_\_  
**Nominal Rent is defined as \$2,500 or less per year.** Annual or Monthly Rental Rate

DATE OF VALUE: **This should be the date that the Rental Agreement expires.**

PROPERTY IDENTIFICATION: **Address or location.**

PROPERTY DESCRIPTION: **Include information such as: vacant or improved, topography, exposure, current use, etc.**

ZONING AND HIGHEST AND BEST USE: **Include reasoning supporting conclusion of highest and best use.**

PARCEL VALUATION AND ANALYSIS: **Show calculations and provide reasoning for concluded value, including unit of comparison (\$/acre, \$/house, \$/sq ft).**

LIST OF COMPARABLE RENTALS:

ADDRESS	AREA	ZONING and USE	IMP	TERMS	VERIF DATE	RENT RATE
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**Indicate whether or not the comparables are improved, including fencing.**

**Indicate whether or not any terms differ from the subject property. Items such as length of agreement, shared uses, multiple uses, etc., should be detailed under "Other Pertinent Data."**

OTHER PERTINENT DATA:

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